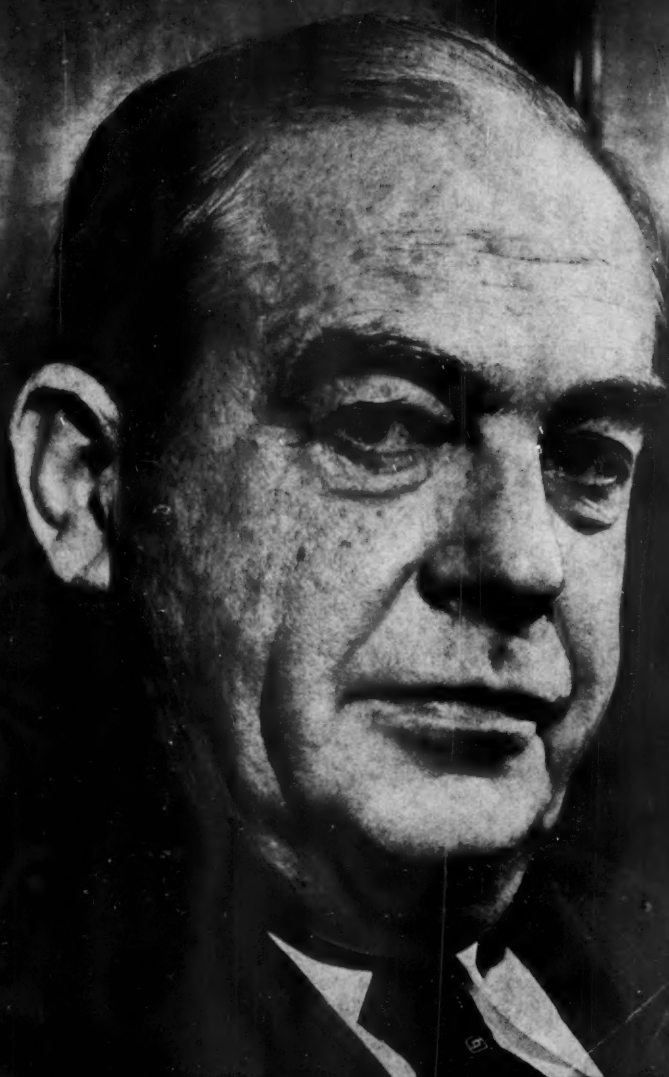


# BUSINESS WEEK

SEPT 4 1948

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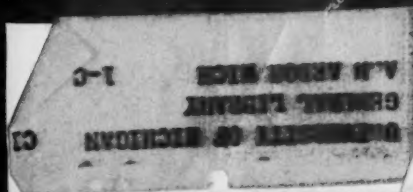
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Allan Sproul: His delicate touch is tightening credit (page 6)

BUSINESS  
WEEK  
INDEX

A MCGRAW-HILL PUBLICATION



• ENGINEERED IN PLASTICS BY GENERAL ELECTRIC



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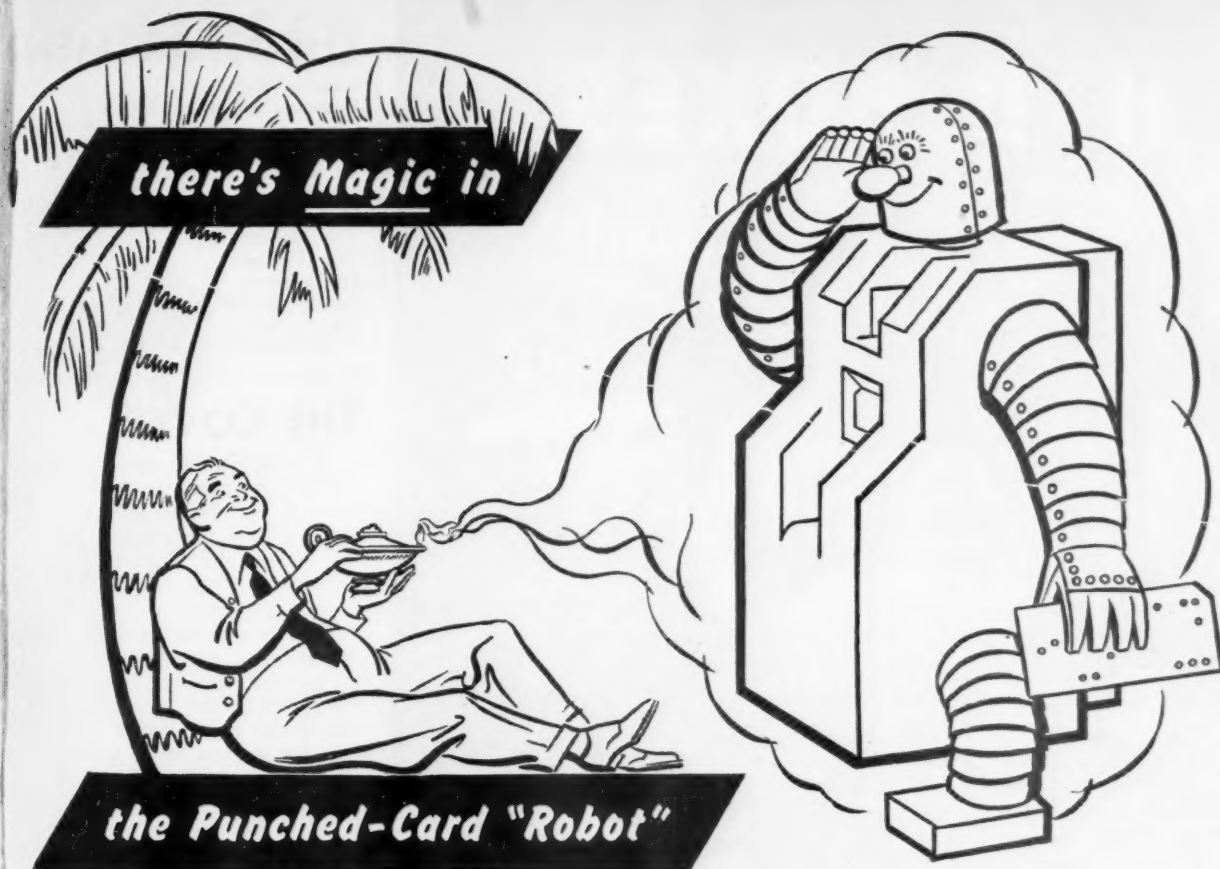
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**Remington Rand**

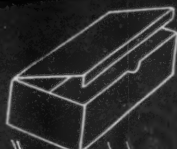
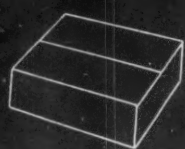
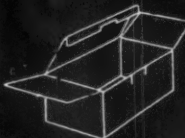
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## THE COVER

A grim, gray fortress in downtown Manhattan houses the Federal Reserve Bank of New York, most powerful of the Federal Reserve banks. And powerful in government financial policy is the voice of the New York Federal's president, Allan Sproul.

• **Influence**—In the next few weeks, as the Treasury carries out the refunding of an issue of 1% short-term government bonds, the influence of Sproul will be felt in the nation's money markets, for the new bonds will bear an interest rate of 1 1/2%. Sproul's voice was one of those which urged this moderate boost in the short-term interest rate—which was followed by a slightly tighter money supply (Aug. 28 '48, p. 67).

Sproul doesn't want a "tough" credit policy. It would be justified, Sproul thinks, only if the country were faced with runaway inflation due to easy credit.

Recently Sproul cited figures to prove that easy credit—a big money supply—is not at the root of current price increases. The money supply as of June 30, 1948, was \$108.5-billion—down \$5-billion from Dec. 31, 1947, and only a fraction of 1% larger than on June 30, 1947.

Sproul lays a large part of this success in keeping the money supply under control to a policy of the Federal Reserve System and the Treasury: "Maintaining a degree of doubt and uncertainty in the money market, which places restraint on the desire of banks to extend commitments and of borrowers to enter into them."

This is the policy that Sproul wants to see continue. He believes it will rein in inflation without jerking the economy to a halt.

• **"Federal" Veteran**—Sproul, 52, has spent nearly all his business life with "the Federal". For ten years, he was with the Federal Reserve Bank of San Francisco, came East in 1930 to work on the foreign side of the New York Federal. Later he took charge of its open-market operations, and in 1941 became president.

—Cover photo by Bob Iscar



# BUSINESS OUTLOOK

*General  
Wahr*

**BUSINESS WEEK**

**SEPTEMBER 4, 1948**



Business may be leveling off—in dollar terms, this time. (It has been moving mainly sidewise, in physical terms, for more than a year.)

But this leveling, if it comes, will be on a very high plane.

Main concern is: If national income stops going up—or rises at a much slower rate (which is more probable)—is a spill in sight?

Analysts, in increasing numbers, are beginning to say, "Well, things look all right for the rest of this year, but we can't tell about 1949."

We've heard this before—late in 1946 and again in 1947. Sometime it is going to be right. But watch the timing. When a turn is due "next year," it is likely to come sooner; that's the way such things work.

However, the boom may survive. Spending of \$50-billion a year by government—federal, state, and local—is quite a prop.

Several factors are combining to level out the dollar-size of our economy at this juncture. Third-round wage boosts are behind us. Prices are seesawing; few are making much headway. Farmers will take in a little less than a year ago with lower prices offsetting record crops.

Big inventory profits seem to be a thing of the past. In fact, they ended a good while ago for many companies; the Glidden Co. gave its stockholders a glimpse of that this week.

Nine month's earnings: \$5,630,161 against \$6,088,762 a year ago.

Dwight P. Joyce, Glidden president, cites past "inventory increment," then notes: "Today's more normal price situation prevents similar gains."

Disappearance of inventory profits—or sharp reductions in them—will make corporate financial statements more realistic.

Profits now are mainly from operations, not from happy accident.

But income accounts, for a while, will be hard to read. Take Glidden's figures, for example.

Sales were up 11%. Yet, as noted, net profit was slightly lower.

Then look at reserves (mainly against possible inventory losses). Last year the company set aside \$6,836,574, this year only \$1,272,982.

The difference in size of reserves probably truly reflects the change in risk. But if you ignore reserves for the two periods, earnings would have been \$6.9-million this year against \$12.9-million last.

Inventory, to a manufacturer, is something to process and sell. To the distributor, it is something to be moved at a profit.

But to the economist it is more than either of these. As he sees it, when a company orders to add to its stocks, it is creating income for people all the way back to the farm and the mine.

It's like building and equipping a house or a factory. Not only is labor used on the structure, but the materials and equipment also provide work and income all the way down the line.

That's one of the important ways that inventory accumulation has contributed to the boom—and why a reversal would be serious.

Users of metals have by no means stopped scrambling for inventory. (Most of them can't accumulate any stocks; it's a matter of keeping even.)

Industries using steel find it as hard as ever to get. They fear the situa-

# BUSINESS OUTLOOK (Continued)

## BUSINESS WEEK

SEPTEMBER 4, 1948

tion will become even worse as one allocation program after another goes into effect (page 19). In fact, Iron Age reports that steel mills not only have cut customers' fourth quarter quotas but also will cut deeper next year.

You don't hear as much about lead, but the scramble continues there, too. And price seems to be little object.

Buyers have paid  $1\frac{1}{2}\text{¢}$  and  $2\text{¢}$  over the domestic market for foreign lead. Premiums are being offered for metal reclaimed from scrap.

That's the kind of thing that touched off the last price rise. However, domestic producers would oppose any further boost at this time.

Lead shortages are being intensified by the strike against the St. Joseph Lead Co. in Missouri. That costs several thousand tons a month.

Even so, the trade estimates new supplies of primary lead now are running close to 60,000 tons a month (including imports). On top of that, about 30,000 tons a month are obtained from scrap.

And still there isn't enough. Quite evidently, the unheard-of price of  $19\frac{1}{2}\text{¢}$  a lb. isn't scaring many customers away.

But, with as high as  $22\frac{1}{2}\text{¢}$  bid on imported metal, there is a suspicion that imports might increase. There are a lot of dollars in it for the foreign nations so sorely in need of them.

Hides have been threatening to become an inventory problem (BW-Aug. 7'48, p10). This week the threat began to look more real.

In futures trading in New York on Tuesday, the market took a sharp spill. Volume was the largest since the war ended.

Availability of workers may turn out to be this year's biggest bottleneck for construction.

The Bureau of Labor Statistics predicted, not long ago, that 2,400,000 would be employed in construction by September. There had been an expansion of 110,000 in construction employment from May to June. However, the July figure shows a gain of less than 25,000 to a total of 2,186,000.

Nevertheless, that is a new peacetime peak.

Most construction materials will be in adequate supply for the rest of this year, according to the Construction Industry Information Committee.

That bars any kind of serious upset, the committee makes clear. And an exception is made for a few steel items.

Lumber production is up, and inventories are gaining. Greatest improvement has been in production of hardwood flooring. Gains also are listed for nails, brick, cement, sewer pipe, structural steel, reinforcing bars, and building board.

And, the committee notes, output is tapering off in clay tile, sinks, lavatories, and warm air furnaces; they have caught up with demand.

Some concern has been expressed because the number of new housing "starts" didn't exceed May's 97,000 in either June or July.

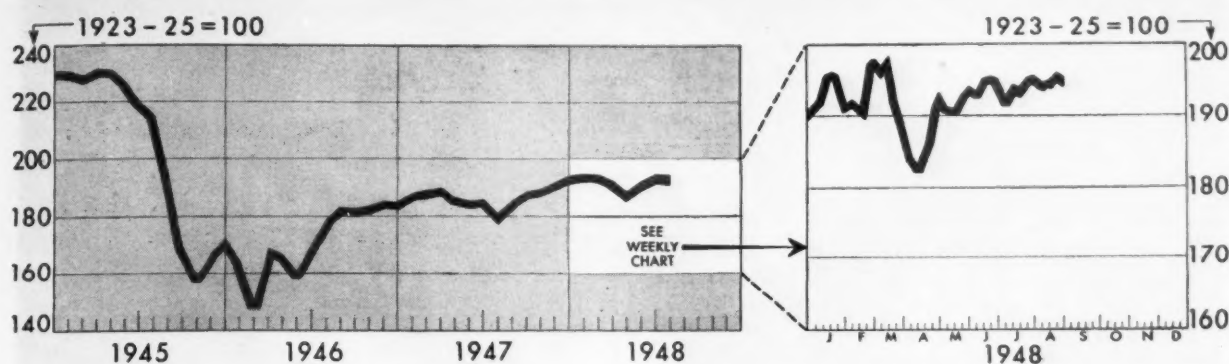
More homes usually are started at midsummer. This year, however, they got going early; last year, they were late, peaking in October.

But starts don't tell the housing story this year. That's in dollar value of work put in place. It was \$585-million in May, \$633-million in June, and a thumping \$667-million in July.

This value figure for the three months is more than 50% ahead of 1947.

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# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*195.4 †195.9 195.5 186.3 162.2

## PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	95.2	95.9	94.2	92.4	97.3
Production of automobiles and trucks.....	102,685	†113,324	113,270	88,098	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$23,062	\$23,346	\$22,403	\$18,543	\$19,433
Electric power output (million kilowatt-hours).....	5,478	5,391	5,352	4,940	3,130
Crude oil (daily average, 1,000 bbls.).....	5,529	5,521	5,455	5,157	3,842
Bituminous coal (daily average, 1,000 tons).....	2,053	†2,082	2,042	1,998	1,685

## TRADE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	83	82	78	85	86
All other carloadings (daily average, 1,000 cars).....	67	67	69	65	52
Money in circulation (millions).....	\$27,965	\$27,979	\$27,821	\$28,302	\$9,613
Department store sales (change from same week of preceding year).....	+12%	†+14%	+8%	-5%	+17%
Business failures (Dun & Bradstreet, number).....	96	94	98	64	228

## PRICES (Average for the week)

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Spot commodity index (Moody's, Dec. 31, 1931=100).....	424.6	424.9	433.2	420.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	278.3	278.3	283.2	264.6	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	347.5	348.9	364.1	376.2	146.6
Finished steel composite (Steel, ton).....	\$93.55	\$93.55	\$93.55	\$75.41	\$56.73
Scrap steel composite (Iron Age, ton).....	\$43.16	\$43.16	\$43.16	\$37.83	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23.500¢	23.500¢	23.215¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.19	\$2.18	\$2.16	\$2.43	\$0.99
Sugar (raw, delivered New York, lb.).....	5.75¢	5.76¢	5.78¢	6.32¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	30.81¢	30.89¢	32.52¢	32.46¢	13.94¢
Wool tops (New York, lb.).....	\$1.782	\$1.780	\$1.858	\$1.745	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.43¢	23.08¢	24.95¢	15.17¢	22.16¢

## FINANCE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
90 stocks, price index (Standard & Poor's Corp.).....	127.5	127.2	126.7	121.6	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.45%	3.45%	3.40%	3.18%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.84%	2.84%	2.83%	2.56%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1¾%	1½-1¾%	1½%	1½-1¾%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½%	1½%	1½%	1%	4-½%

## BANKING (Millions of dollars)

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Demand deposits adjusted, reporting member banks.....	47,059	46,746	46,839	47,095	††27,777
Total loans and investments, reporting member banks.....	63,241	63,399	63,083	63,730	††32,309
Commercial and agricultural loans, reporting member banks.....	14,847	14,872	14,490	12,406	††6,963
Securities loans, reporting member banks.....	1,519	1,431	1,732	2,162	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	34,702	34,904	34,870	38,400	††15,999
Other securities held, reporting member banks.....	4,417	4,405	4,354	4,237	††4,303
Excess reserves, all member banks.....	850	770	840	775	5,290
Total federal reserve credit outstanding.....	21,993	22,125	21,723	22,478	2,265

\*Preliminary, week ended August 28th.

†Revised.

††Date for "Latest Week" on each series on request.  
††Estimate (B.W.—Jul. 12 '47, p. 16).





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# WASHINGTON OUTLOOK



**TRUMAN CASHED ENDORSEMENTS** this week—from Phil Murray's C.I.O. and Leon Henderson's Americans for Democratic Action.

The endorsements have been in the bank since convention time, but the Democrats got a quick lift out of having such jingling money.

But A.F.L. isn't joining C.I.O. in a Truman endorsement. Bill Green is for Truman, but couldn't swing the organization.

Actually, the whole labor vote is badly splintered. C.I.O.'s 10 left-wing unions are backing Wallace. And there's open Dewey support in the A.F.L., led by Carpenter Hutcheson (BW-Aug. 28 '48, p70).

Tough intraunion politics get involved here. For instance, Hutcheson's carpenters are making things difficult for the A.F.L.-contractor joint board for settlement of jurisdictional disputes.

An old stand-pat Hoosier Republican, Hutcheson thinks he will have Dewey's ear. He figures he can do better next year by throwing union-raiding fights to a Dewey-controlled NLRB, instead of letting A.F.L. handle them.

There are some bits of news Truman's men can manage to get happy about. Chief pulse-feeler Les Biffle reports from a campaign-eve swing across the country: Dewey isn't as strong as advertised; there's still going to be an election on Nov. 2.

Indiana's new state chairman is promising to increase his congressional delegation from two to six. Even in New York's solid G.O.P. 41st District, 300 Democratic faithful chipped in \$5-a-plate of fighting money.

**IS THE STATE DEPT.** as good a place as Congress for opponents to kill the St. Lawrence power project?

Washington and Ottawa power officials are wondering. Here's why:

The power part of the long-stymied St. Lawrence development is about ready to go as a state-province proposition. New York and Ontario have agreed to build the power dam at the International Rapids.

The Federal Power Commission is enthusiastically pushing the deal along. It expedited clearance with other interested agencies, then passed the application along to State for routine transmittal to the International Joint Commission, which has final say.

To everyone's amazement, State is sitting on

the application. Common explanation: a last desperate effort by the coal and rail interests to stall this project until next year; then Congress might inject itself noisily enough to stymie St. Lawrence again.

**A CRACKDOWN ON CARPETBAGGING** in German steel scrap is in the making.

Commerce Secretary Sawyer has summoned legitimate U. S. scrap dealers to Washington on Sept. 8. They will vote themselves a government-sponsored monopoly to buy and sell German scrap.

It will be a specially created corporation, with the dealers as stockholders operating under the protection of the Taft voluntary allocation law. The management will be a WPB-type industry committee set up by Sawyer.

Gen. Clay will be told to give the corporation exclusive buying rights for what's left of the 440,000 tons of German scrap formally allocated to the U. S. this year. Back in the U. S., the committee and Sawyer will parcel out the scrap "on the basis of relative need."

The idea behind this scheme is to put some order into the German scrap market, which has been overrun by hustlers. They've stirred up ill will and rumors in the trade by rash promises, reckless bidding. To date, some 50 contracts are backed up in the Bizonal offices in Frankfurt; only three have passed muster (page 103).

Earl E. Clark, who steps into John Virden's job of running the Taft law allocation program (page 19), is a career liquidator. His previous jobs: Commerce's liquidator of wartime powers and the official mortician for OPA.

**THE ECA WATCHDOG COMMITTEE'S** chief staff man, Agent General Charles Dewey, is losing friends.

On his European junket, he's been making himself spokesman for both the Marshall Plan and for the Bridges watchdog committee—so much so that people are saying he's grooming himself for Paul Hoffman's job next year.

Hoffman doesn't like it. For that matter, neither does Sen. Bridges—as the Agent General will learn when he gets back Sept. 15.

• Ex-director Wigner of the Oak Ridge atom laboratory, and some physicists disgruntled over re-

# WASHINGTON OUTLOOK (Continued)

removal of reactor studies from Oak Ridge, have formed a private company—Nuclear Development Associates. They're hoping private money will finance some of their ideas that AEC won't. . . .

• Rep. Ploeser's traveling inquiry into the monopoly hazards to small business will show up in South Bend, Ind., on Sept. 25. That's the Saturday of the Purdue-Notre Dame football game, and that's no coincidence.

## OPERATION MERGER

One year ago this month Congress told the Army, Navy, and Air Force to get together, and gave the three services a common head. And that's about all Congress really did, in the merger legislation.

Unification thus became a slogan, a goal. Just what unification meant, how to attain it, was left undefined.

A year later, how much agreement has Defense Secretary Forrestal achieved as to what unification should mean? How far has he been able to take the three services along that road?

It would have taken head-knocking to have produced exciting results, and Forrestal is no head-knocker. Though he has a pugnacious Irish face and a boxer's broken nose, his record as Navy Secretary was actually built on talent for conciliation and compromise.

His appointment itself was a compromise.

As Navy Secretary, Forrestal had led the fight against really merging the three services into one. What finally brought him around was inclusion in the law of Navy's hedge: semiautonomous secretaries for each service with the right to go to the President over the Defense Secretary.

As Secretary of Defense, Forrestal has had to live with his invention. And of Forrestal's three secretaries, only Army's Royall is a believer in complete merger—and he's inarticulate.

Symington is running a separate Air Force—what the fly-boys wanted all along. His public campaign for the 70-group Air Force came near to wrecking unification last spring; the fuss left a bitter personal enmity between Symington and Forrestal.

And it took the entire year to get Navy Secretary Sullivan to move into the Pentagon.

**AGREEMENT HAS BEEN ACHIEVED** on merging common staff functions—research, procure-

ment, personnel policy, intelligence, air transport and—just last week—public relations.

Air transport is the only one of these where merger is complete. Vannevar Bush's Research & Development Board has pretty well cut out overlapping research, but is barely beginning to make its own assignments. The Munitions Board is well into the job of assigning such items as shoes to one service or another as buyer for all three.

Merger of personnel policy, intelligence, and public relations is still largely on paper.

None of this so far has produced any visible savings to the taxpayer, a sometime advertisement of the advantages of unification. Savings can come; it's just that up to now the efforts have run to getting things working.

Agreement has not been achieved, even in principle, on an over-all fighting strategy.

There's still debate even over the fundamental question of whether there should be a single chief-of-staff commanding all services—instead of the Bradley-Denfield-Vandenberg trio operating under a unanimity rule.

Under the joint chiefs-of-staff system, gradual progress has been made over the year toward defining the fighting job of each service.

Nobody covets the Army's foot-sloughing, ground-occupying role. The biggest dispute is between the Air Force and the Navy over strategic bombing. For instance: Shall the Navy be permitted to plan atom bomb raids?

At Key West last spring, the first full-dress attack on the problem resulted simply in acknowledgment that certain duties of the services do overlap. At Newport last month, it was determined that these overlaps must be resolved.

The actual decisions as to who does what are supposed to be made this fall as part of the process of working out the military budget for 1949-50.

Forrestal's trying job will be easier for his successor next year. Not just because of what Forrestal has been able to accomplish, but even more because the new man will have a new crew.

Whoever they are, they'll start with unification as an accepted goal, not something they have scrapped over and still have reservations about.

Furthermore, Forrestal's experience with Symington strengthens those who would wipe out the autonomy of the three service secretaries, make them clearly responsible to the Secretary of Defense.



## Who Gets Finished Steel Allocations

	Tons (Annual Rate)
Freight car builders.....	3,000,000
National defense (military).....	1,230,000
Ocean tankers (new and repairs).....	480,000
Warm air heaters (for housing).....	350,000
Inland waterway barges.....	240,000
Oil field tanks, well-head equipment.....	198,000
Atomic energy building program.....	*160,000
Prefabricated steel houses.....	59,000
Anthracite coal mining maintenance and repairs.....	31,000
Natl. Advisory Committee for Aeronautics (research projects).....	16,000

\* In eight months.

## "Free" Steel Grows Shorter

Voluntary allocations program may account for 10% of annual finished steel output, 25% of merchant pig iron. Marshall Plan and other foreign requirements take another big bite.

In the next couple of weeks, many a steel user is going to get an empty feeling in his stomach—unless he is in on a voluntary allocation program. The Office of Industry Cooperation has now passed out voluntary priorities for about 6,272,000 tons of finished steel, 1,248,000 tons of merchant pig iron.

• **Bite**—These figures are monthly amounts converted to an annual rate. But since OIC could keep going until next September, they are the approximate bite for the next year. Is that bite big, or more like a nip?

Here's the way Washington and the steel people see it:

(1) Over-all, the amount of "free" steel—the stuff available to users not on allocation—shouldn't change much from 1947.

(2) But "free" users have been living in something of a fool's paradise thus far in 1948. Finished steel output has been rising this year at an annual rate of around 3,000,000 tons over last. That's quite an increment. Meanwhile, many of the allocation programs haven't taken effect as yet. When they do, "free" users will probably have their increment removed—and that could be painful.

(3) Marketing conditions in "free" steel may get some upsets. Users who feel a pinch will clamor for allocations—or try to hoard.

• **16-Million Tons?**—Nor is that 6,272,000 tons all that's going to be ticketed under the voluntary allocation program

—though it's probably the major share. Add export requirements and Marshall-Plan needs—still somewhat vague—and you can get a total set-aside as high as 16-million tons out of finished steel output of some 66-million tons.

• **Taft Act**—Beneficiaries of allocations will get their requirements off the top of the pile—that's sure. Mills have a healthy respect for Public Law 395—the Taft Act—passed by Congress last fall.

The purpose of this law is to give industries critically short of iron or steel first whack at available supplies. If their products are important to national welfare, the industries can appeal to the Office of Industry Cooperation for an allocation. If they get it, it's good as long as the law lasts. There's some confusion about that, but it's probably until September, 1949.

So far, 11 segments of industry have an O.K. Ten are listed in the accompanying table. The eleventh is an allocation of merchant pig for housing needs—soil and water pipe, plumbing fixtures, fittings, drains, etc.

(Additionally, the Commerce Dept. has tagged some steel for programs outside the scope of PL 395. This includes 56,000 tons for the Greek-Turkish aid program, and 452,000 tons of tinplate for the European food-pack program.)

• **Set-Aside**—All in all, OIC and the steel industry thus far have set aside about 10% of annual finished steel output, and 25% of merchant pig.

By categories, "free" steel will flow less fully in the following, once the voluntary program really takes effect:

**STEEL PLATES.** The heaviest drain will be here. Guesses are that as high as 30% of production will go into the voluntary program.

**STEEL SHEETS.** Allocations can't be calculated very accurately yet. Pittsburgh thinks perhaps around 15%.

Wire products and rails, by contrast, will probably be least affected.

• **Auto Industry**—Among "free" steel users, the auto industry is sure to be hit some. Ordinarily, it uses around a sixth of all finished steel, but how much will be available after November is anybody's guess. The mills would like to soften the blow by giving the auto people—steel's best friends—a break. But they very likely can't. It would set up a howl that sooner or later would have some echoes in Washington.

Auto parts makers, too, will get less. Cast iron components—blocks, heads, etc.—could be in shorter supply.

The steel container and construction industries are two more industries that are in for cuts. To be sure, tinplate for food use will be 100% of needs; but for other types of cans and containers less material will be available.

• **Policy**—As a matter of public and business policy, the mills will try to distribute "free tonnage" on as equitable a basis as possible. That is, they'll try to divide what's left of the pie on about the same proportions as before.

But it may not always work out that way. Take the case of the steel warehouses, for instance. These are the prime source of supply for many a smaller business. If tonnage to warehouses is lopped too much, you can be sure Congress would soon hear about it from the warehouse customers. So it's a good bet that the warehouses won't be cut to the limit.

• **Future**—How many more voluntary allocations are coming?

A program to maintain bituminous coal mining, still in the preliminary negotiation stage, may swell the set-asides by 350,000 to 370,000 tons.

But that may be just about the end of the line. Executives in OIC think that the steel industry's distribution system won't stand much more siphoning before it goes out of joint. They figure that "10% is plenty."

• **Marshall Plan**—But that still leaves a big X in the problem—the Marshall Plan.

Exports of steel mill products to Mar-

shall-Plan countries for fiscal 1949 were estimated at 2.3-million tons by Commerce Secretary Charles Sawyer before the Senate Banking & Currency Committee about a month ago. Sawyer also estimated that exports to non-ECA countries would total 3.7-million tons of mill products. And he thought that still another 3½-million tons could perhaps be used abroad. Commerce statisticians, however, emphasize that these figures are mainly "estimates," not completely solid facts.

Adding Sawyer's outside figures to OIC's brings the "programming" take of finished steel to 16-million tons, or about 25% of annual output. Leaving off that last 3½-million as a somewhat dubious set-aside, you get a figure of around 12-million. So that's the range: 12-million to 16-million.

• **Slow Start**—The OIC crew was criticized repeatedly during the spring be-

cause "nothing was being done to help critical industry under the new law." Examination of the detailed process necessary in laying the groundwork for allocations talks—before the negotiations ever reach the "how much" stage—shows why OIC got going so slowly.

When he gets a concerted appeal from a hard-hit industry, the Secretary of Commerce first picks a representative managerial group from within that industry, about 50 men, to "come in and talk it over." (Before he sends invitations out he has to check the list with the Justice Dept. for the antitrust angle.)

• **First Steps**—After an initial meeting with the industry representatives, that group picks from within its ranks an advisory committee. Its job is to work out the allocation details with OIC and an advisory group representing steel producers.

Interested governmental agencies are called in, and a tentative allocation figure is worked out; the OIC staff makes the final decision on "how much." This is also checked with the Justice Dept. before the deal is closed.

Working on supply side of the picture is a multiple-shift Steel Producers Advisory Committee. This rotating group consists of some 23 steel company presidents, 25 vice-presidents, and a baker's dozen of managerial executives. Within OIC itself are seven statistical groups, representing classes of industry which receive or propose to receive an allocation of iron or steel.

• **Deadline**—As things stand now, OIC's deadline for allocations is Feb. 28. But the Justice Dept. thinks that the law can be interpreted to run six months longer. By and large, the steel people—for the sake of safety—assume the later date will hold.



New homes for: The Los Angeles Times . . .



. . . General Petroleum Corp., and . . .



. . . Prudential Life Insurance Co.

## Three New Buildings For Downtown Los Angeles

In most U. S. cities, office space is still scarce; companies have held off building while costs stay high, and materials short. But not in Los Angeles. In that city's downtown area three new office buildings are blossoming. They are all built within the city's legal height limit of 150 ft. They'll add nearly a million sq. ft. of office space to the city's crowded facilities. They are:

The Los Angeles Times building at 2nd and Spring St. It's expected to be ready this fall.

The General Petroleum Corp. building at 6th and Flower St. It's expected to cost around \$7-million.

The Prudential Life Insurance Co. building at Wilshire Boulevard and Curson Ave. Built to house the western headquarters of the company, it's expected to cost \$7½-million.

## U. S. Petroleum Situation

	(Thousand of Barrels Daily)					
	ACTUAL			PROJECTION		
	Year 1947	1948 1st Q	1948 2nd Q	1948 3rd Q	1948 4th Q	1949 1st Q
<b>DEMAND</b>						
Gasoline.....	2,308	2,117	2,616	2,735	2,525	2,300
Kerosene.....	301	444	234	230	410	475
Distillate fuel oils.....	899	1,313	834	760	1,220	1,480
Residual fuel oils.....	1,450	1,584	1,374	1,355	1,565	1,600
Others.....	942	859	961	1,100	980	930
<b>Total demand.....</b>	<b>5,900</b>	<b>6,317</b>	<b>6,019</b>	<b>6,180</b>	<b>6,700</b>	<b>6,785</b>
Domestic demand.....	5,449	6,008	5,610	5,720	6,340	6,440
Exports.....	451	309	409	460	360	345
<b>REQUIRED SUPPLY</b>						
Natural gas liquid.....	363	393	388	400	410	420
Assumed imports.....	438	474	477	495	525	578
Required U. S. crude oil..	5,085	5,347	5,511	5,555	5,600	5,600
<b>Total required supply....</b>	<b>5,886</b>	<b>6,214</b>	<b>6,376</b>	<b>6,450</b>	<b>6,535</b>	<b>6,590</b>

## Oil Forecast: Fair, Warmer

Enough oil to meet a 7% rise in next winter's demands is the prediction of Interstate Oil Compact Commission experts. But that hinges on higher output and greater imports.

More oil for the furnaces of America—that's the gist of the forecast put out this week by the Interstate Oil Compact Commission's economics advisory committee (table, above).

• **Good News**—It's no news that more oil is wanted. But the report contains the good news that it looks as though the oil would be forthcoming—enough to meet the rise in demand. The committee, comprising some of the nation's top oil economists, hedged this belief with four cautious "ifs." (The "supply" figures show what's needed, not necessarily what's coming.)

Oil men have good reason to understand the caution. They still shudder when they recall the winter of 1947-48. Despite their most strenuous efforts, many homes and industrial plants suffered from lack of fuel oil (BW—Feb. 14'48, p21).

True, oil men could prove statistically that last year's demand topped the supply by the thin margin of only 1%—that spot shortages caused the pinch. But you can't heat homes, you can't run factories, on statistics.

• **No Encore**—They knew that a recurrence of last winter's troubles would bring down on their heads the wrath of the public and of the government. They knew that the only thing that would solve their difficulties, stave off the threat of stringent federal regulation—perhaps even nationalization of the industry—was enough oil.

That meant more crude oil, more refined products than ever before. Most important of all, it meant more fuel oil,

more kerosene, when and where they were needed.

• **Prospects**—The summer now drawing to its close marks the end of the oil industry's period of preparation for the critical 1948-49 winter. What are the prospects?

Here are the findings of I.O.C.C. advisory economists:

With normal weather, oil demand for the coming winter will run 7% over that of a year ago—a record 6,743,000 bbl. daily vs. 6,294,000 bbl. daily. Domestic demand alone appears likely to run 6.4-million bbl. daily, 8% over last winter's actual average; export demand is expected to shrink some 2%.

Next winter's requirements can be met:

(1) If domestic crude oil production can be pushed up to 5.6-million bbl. daily. (It has been hovering close to or slightly above 5.5-million bbl. daily for some weeks; last week hit a record 5,528,850 bbl. daily.)

(2) If production of natural gasoline—gasoline that occurs as a vapor in "wet" natural gas, and is extracted before the gas is sold or otherwise disposed of—averages 415,000 bbl. daily. (In the second quarter of 1948 natural gasoline output was 388,000 bbl. daily.)

(3) If imports during the winter exceed exports by 200,000 bbl. daily. (In the first half of 1948 imports topped exports by about 113,000 bbl. daily.)

(4) If stocks of crude and its products (chiefly distillate fuel oil and kerosene) have been built up enough over the summer to permit winter withdraw-

als at a rate of 180,000 bbl. daily. (These stocks increased 357,000 bbl. daily in the second quarter of 1948, are expected to rise 270,000 bbl. daily in the current quarter.)

• **The Problem**—Last winter's trouble stemmed mainly from distribution difficulties. Crude oil output was adequate; so was refining capacity. But the industry did not have sufficient stocks in the right places at the right time to meet extraordinary demand.

Added to this, one of the toughest winters in history—in the East, at least—hampered the movement of refined products to consuming areas.

• **Caution**—The committee's report holds forth some reasonable promise that things will be different this coming winter. But to prevent the industry and oil consumers from becoming over optimistic, the economists warned that:

• Crude oil inventories are low, must be built up to fill new pipelines and to facilitate high-level refinery operations.

• Military demands included in the forecast "may be subject to further revision."

• Refineries must increase their yields of distillate oils and kerosene sharply to meet demand over the next several months. (In June, refinery yields from each barrel of crude were running 41.4% gasoline, 5.6% kerosene, 17.8% distillate, 22.8% residual oil, and lesser amounts of other products like lubricating oil, asphalt, and still gas. Last February, when heating oil output was the crying need, refined products yields ran 37.7% gasoline, 6.9% kerosene, 20.6% distillate, 23.6% residual oil.

• "There (still) exists such a slight margin of capacity above requirements that the industry should continue its efforts to increase supplies, and consumers should strive for economy and efficient use of petroleum products."

• **Guide**—The oil industry generally and Interstate Oil Compact Commission members in particular will use this forecast as a guide in planning for the winter ahead. Commission members are interested because they represent the governors or oil-regulating bodies of 21 of the nation's oil-producing states. Combined, these states produce 90% of the nation's gas, 80% of its crude oil.

Much of its work is done through committees. The legal committee, for example, has drafted a model conservation statute; its regulatory practices committee has studied model rules and regulations concerning oil production; its research and coordinating committee has probed such technical subjects as secondary recovery (BW—Aug. 28'48, p38), is now looking into the synthetic fuels field (BW—Jan. 24'48, p21); the economics advisory committee keeps the commission up to date on economic factors affecting the industry.



## Stockpile Lags

At end of second year of five-year program, 75% of goals are not even "in sight." Third-quarter needs listed.

Two of the five years originally set for government stockpiling of critical materials have passed. Yet 75% of the goal is not even "in sight," the Munitions Board admitted last week.

• **Report**—In a report to Congress, the board spelled out its progress to date. It listed as material "on hand" 17.6% of the over-all goal (all but 5% of which has been culled from war surplus). "Materials in sight" include another 7.4% of the goal. That leaves 75% still to be found.

The board also told Congress that its expenditure goal has fallen victim to inflation. The figure set two years ago was \$1.8-billion; the board now

figures the total cost of the program at \$3.4-billion. Furthermore, the board said, 80% of the funds still needed have not yet been appropriated.

• **Agreement**—Meanwhile, the National Assn. of Manufacturers announced that it had got the Munitions Board and industry together, and that agreement had been reached on a "voluntary allocation" program for the stockpile. The allocation is to be about 2% of the nation's consumption of the materials sought for the pile. N.A.M. termed this "sufficient."

But government minerals experts don't agree. They figure that, to reach its five-year goal for the 67 materials, the board would need 20% of the nation's annual consumption. The board had asked importers and producers for a 10% allocation—and had been turned down flat. Then the Commerce Dept. took over, and asked for 5%. This, too, was refused.

• **Incentives**—The board still hasn't decided definitely what it is going to do to boost output of scarce materials that it

needs for its stockpile. Two plans are in prospect; either or both may be put into effect:

(1) "Higher-than-market-price" agreements might be made with marginal producers. This would amount to a subsidy similar to that in effect during the war for some materials.

(2) Producers already at peak production might be offered an "added-facilities-amortization" plan. This would enable the producer to add to his facilities, turn over the added output to the stockpilers, and pay off the cost of the new facilities out of his receipts from the stockpilers. In other words, a producer would add to his capacity, at no cost to himself, in return for promising definite amounts to the stockpile.

• **Details**—The Munitions Board broke a precedent this week by announcing details of its third-quarter purchase program. In the past, the board has refused to release this information, because of "the danger of speculation in the markets."

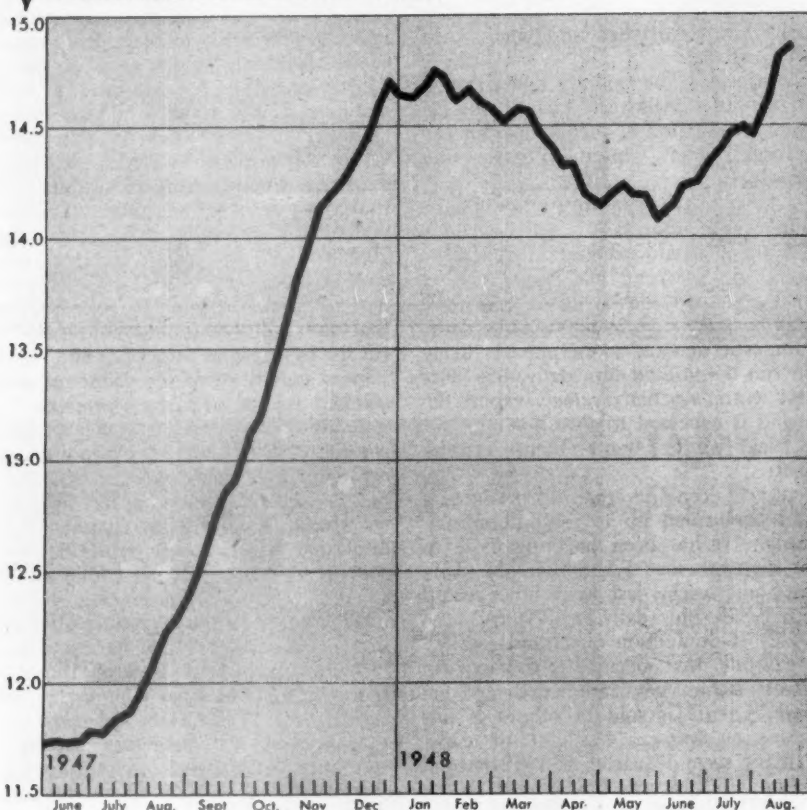
On 17 commodities, the stockpilers will contract for the entire fiscal year's quota (for delivery before June 30, 1949) in the third calendar quarter of 1948. They are:

Bauxite, long tons .....	503,000
Castor oil, lb. ....	15,000,000
Chromite, metallurgical, long tons .....	30,000
Columbite, lb. ....	1,200,000
Diamonds (industrial), carats ...	350,000
Graphite, amorphous lump, short tons .....	1,000
Graphite, lubricating flake .....	500
Manganese ore, long tons .....	370,000
Mica, lb. ....	1,300,000
Monazite, short tons .....	500
Nickel, lb. ....	15,000,000
Talc (block), short tons .....	250
Tin, long tons .....	4,500

On several other commodities, only part of the full fiscal year's quota will be bought during the third quarter. Here's what the quarter's purchases are to be:

Asbestos, chrysotile, short tons ..	1,100
Asbestos, amosite, short tons ..	1,900
Beryl, short tons .....	250
Bismuth, lb. ....	100,000
Cadmium, lb. ....	300,000
Chromite (refractory), long tons ..	1,250
Coconut oil, lb. ....	5,000,000
Copper, short tons .....	30,000
Corundum, lb. ....	125,000
Diamonds (crushing bort), carats ..	100,000
Fibers (manila and sisal), lb. ...	12,000,000
Graphite (flake, crucible), short tons .....	300
Kyanite, short tons .....	1,000
Lead, short tons .....	16,000
Palm oil, lb. ....	7,000,000
Pepper, lb. ....	1,000,000
Quinidine, oz. ....	6,000
Rubber (crude), long tons .....	25,000
Shellac, lb. ....	1,000,000
Zinc, short tons .....	16,000

## Business Loans (billions of dollars)



## Business Borrowing Sets New Record

Business will borrow—if management feels confident that a profit can be made on the borrowed money. And banks will lend—if bankers find the interest rate and the credit

rating of the applicant to their liking. Thus, even though interest rates are up (page 6), loans are at a new record as the seasonal demand for money rises.

# Plane Builders Need Engineers

**Step-up in activity from post-war low, caused by 70-group Air Force program, has caught aircraft companies short of technical talent. Those developing entirely new models feel shortage worst.**

The 70-group Air Force program went a long way toward solving most airframe builders' financial problems (BW—Jun. 19'48, p. 26). But it left other problems to take their place.

Most pesky of these is the personnel problem. After V-J Day, the aircraft companies cut their war-swollen payrolls way back—some by 90% or more. Now that they are beginning to tune up again after three years of low-key operations, some are finding it hard to get the needed workers. This is particularly true of top-level engineers.

• **Reasons**—There are two main reasons why this shortage of aircraft engineers exists—and why it probably will continue:

(1) During the war, a large number of engineers were recruited from other industries—automotive, electrical appliances, etc.—which were, providentially, being forced to slow down to make way for the war effort. But today, peak activity in all consumer-goods industries largely rules them out as a source of engineering talent for the plane makers.

(2) Much more engineering is going into today's planes than during the war. Arch Dutton, Northrop Aircraft's engineering manager, puts it this way: "Testing the component parts of a new model now requires more engineering man hours than were spent in prewar days for a complete engineering job on a new model."

• **Survey**—Of course, some companies are feeling the pinch worse than others. An outfit that's working on a completely new model naturally needs more engineers than one whose job under the 70-group program is to build a more or less familiar ship. To get the facts, Business Week last week surveyed several of the leading airframe-builders. Here's what we found:

**Los Angeles area.** Four major companies are located in and around Los Angeles—Northrop, Douglas Aircraft Co., North American Aviation, and Lockheed Aircraft Corp. None of them is seriously affected by any shortage of engineers. One company reports: "There is constant demand for engineers, but not exactly a shortage." Together, the four employ about 5,000 engineers today; probably about 500 more would take care of all needs.

Northrop feels the shortage worst. A few weeks ago it announced that it needed 400 more engineers at once—mostly research specialists such as aerodynamicists, stress engineers, advanced

designers. (The 1,100 engineers on the company's payroll at that time already far outnumbered the peak wartime figure of 650.) At graduation time, Northrop sent a man to eight technical universities to recruit new men. Today, the company is in pretty good shape: Only about 100 engineers are still needed, mostly aircraft structural engineers.

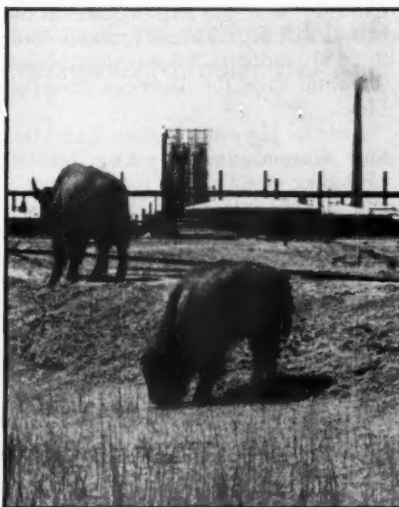
**Boeing Airplane Co.** This company faces two very different situations. It has just reopened its wartime plant at Wichita, Kan. (BW—May 1'48, p. 32) and the shortage there is critical. The plant has only 300 engineers today; it needs 400 more immediately, another 300 within the next few months. The worst shortages are in aeronautical, mechanical, and electrical engineers. There is no lack, at present, of design engineers and tool designers. The company first tried radio and newspaper advertising to get the needed men. When that didn't work, it sent out recruiters to several industrial centers, including Detroit, New Orleans, and Houston. That hasn't

worked too well, either, and that's where things stand now.

At Boeing's main plant, in Seattle, there's also a shortage, but it's not nearly so acute. Worst pinch is in design engineers—anyone trained to design an airplane part, however small. There's also a shortage of graduate mathematicians and physicists—for research on guided missiles and hush-hush Air Force experimental projects.

**Curtiss-Wright Corp.,** of Columbus, Ohio. Up to a couple of months ago, the company had about 250 engineers on the payroll. Then it hired about 200 more for design work on the F-87 twin-jet fighter. It still needs about 30 highly skilled men. Most wanted are supersonic aerodynamicists—the men who analyze the flow of air around planes at speeds greater than that of sound. Other shortages: design engineers, electronic engineers, structural engineers. The company has done some advertising in technical journals and metropolitan newspapers. But it relies mostly on personal contacts with graduates of leading engineering universities.

**Chance Vought Division** of United Aircraft Corp. This company has just moved a large part of its operations from Stratford, Conn., to Dallas (BW—Aug. 14'48, p. 24). Only in Dallas is there a shortage of engineers. About 500 are employed now; another 100 are needed—chiefly design engineers. Chance



## Animals Find Jobs in Industry

For the first time since their pelts furnished a thriving business in carriage robes, bison are finding their place in industry. At left are two of the six shaggy beasts that have gone to work in the Gulf Oil refinery at Port Arthur, Tex. Their job: to keep the grass close-cropped around tanks and pipelines. Refinery officials say they're doing the job "as neat as a mower." And Gulf praises the savings in grass-cutting bills.

Ruby, a trained black bear (right), takes part in business life, too. Ruby's field is public relations. She now works at the Chicago Railroad fair where she's star performer in a rodeo. But for this picture, Ruby lent her talents to Western Railroad Supply Co. to show that "even a black bear will keep clear of a track protected by a Western Railroad Supply Co. Model 10 automatic crossing signal."



Vought relies almost entirely on universities for finding new engineers. Talks are given before engineering classes in leading schools throughout the country, and letters are sent to men in the top halves of graduating classes.

**Glenn L. Martin Co.**, of Baltimore. Martin has 2,210 engineers on its payroll now, needs 110 more. All types are wanted; most important are electronics, aerodynamics, and vibration engineers and stress analysts. The company is getting results from ads in newspapers, technical and college publications.

**Fairchild Engine & Airplane Corp.**, of Hagerstown, Md. The company employs 250 engineers now; it could use 25 more, mostly design engineers. It's trying to get them through ads in metropolitan newspapers.

**Grumman Aircraft Engineering**

**Corp.**, of Bethpage, Long Island. This company, with about 500 engineers, reports absolutely no shortage now. It feels that the situation in the New York area has improved greatly since spring. Grumman did feel a slight pinch two or three months ago, but it was fully relieved from two sources: (1) The June graduating class from the engineering schools, and (2) Chance-Vought engineers who didn't want to move down to Dallas.

**Republic Aviation Corp.**, of Farmingdale, Long Island. Republic reports practically no shortage, now or foreseen. It employs about 500 engineers now, could use perhaps another dozen highly specialized electrical engineers and flutter and vibration specialists. Colleges and engineering societies are Republic's main sources.

**Bethlehem-Sparrows Point (Md.) Shipyard**—22 tankers, 1 bulk ore carrier.  
**Bethlehem Steel Shipbuilding Division, Quincy, Mass.**—10 tankers, 2 \$25-million passenger ships, 2 high-speed Navy destroyers.

**Sun Shipbuilding & Dry Dock Co.**, Chester, Pa.—15 tankers.

**New York Shipbuilding Corp.**, Camden, N. J.—3 round-the-world passenger ships, 1 Navy cruiser, 1 submarine.

**Ingalls Shipbuilding Corp.**, Pascagoula, Miss.—2 dry-cargo ships, 1 tanker.

**Newport News (Va.) Shipbuilding & Drydock Co.**—11 tankers, plus the Navy's super aircraft carrier.

**American Ship Building Co.**, Lorain, Ohio.—1 bulk ore carrier.

**Welding Shipyards, Inc.**, Norfolk, Va.—2 tankers.

**Gulfport Shipbuilding & Dry Dock Corp.**, Port Arthur, Tex.—3,100-displacement-ton hopper dredge.

**Bath (Me.) Iron Works Corp.**—2 high-speed Navy destroyers.

**Electric Boat Co.**, Groton, Conn.—4 submarines.

• **Program's Backers**—These orders—plus another \$500-million worth under negotiation—will keep some shipyards operating at capacity through 1951.

The surge of merchant-vessel business results from:

(1) Army and Navy pressure on the Maritime Commission.

(2) The commission's own desire to keep the shipbuilders and operators healthy.

(3) The efforts of such industrial groups as the National Federation of American Shippers and the Shipbuilders Council of America. (They are urging still more contracts—particularly for passenger ships that can be converted to troop transports. They point out that the tankers take little design personnel, while passenger-ship orders would keep technical staffs intact for an emergency.)

• **Subsidy**—One way the Maritime Commission has helped push the program is by granting subsidies. Under the Merchant Marine Act of 1936, these are authorized to aid operators of ships in foreign trade—to make up for foreigners' lower costs. The Maritime Commission is kicking in 45% of the cost of the five passenger liners on order.

These are the only subsidized ships for which orders are now on the books. But the commission still has around \$100-million available for construction subsidies; this fund is earmarked for the 20 fast tankers and the passenger and passenger-cargo ships now under negotiation.

Subsidies could provide an even greater boost for the industry—if Congress extends them to cover domestic shipping. Republican Rep. Alvin F. Weichel of Ohio introduced bills last session that would do this (BW—May 29'48,p23), but they went over to 1949.

## Boom for Shipbuilders

Industry that was in doldrums early this year now has orders for 65 merchant vessels, plus Navy craft. More contracts coming. Business will keep many yards busy into 1951.

If you do business with shipbuilding companies—or in shipbuilding towns—you're lucky: This industry now faces a boom that may last into the 1950's.

• **On the Books**—Eight months ago, U. S. shipbuilders were wrapped in gloom. They had orders for only 26 ocean-going merchant vessels. By last week the gloom was gone. Orders on the books had jumped to nearly \$500-million for 72 tankers, dry-cargo ships, and passenger liners.

Also, the Navy's shipbuilding and conversion program for 1948-49 has added \$545-million in business—with privately owned yards sharing in it.

And there are a lot more orders coming for both merchant and fighting ships.

• **What Will be Built**—Here's the way the merchant-vessel business shapes up:

**Tankers** on order total 61—nine for foreign, 52 for U. S. account. Only nine will have a deadweight tonnage (carrying capacity) of less than 26,000 tons; the two largest are 30,000 tons.

More tanker orders are definitely ahead. Many are now in negotiation. Twenty of those still to be ordered will be high-speed tankers (20 knots) of 26,000 deadweight tons. To get this speed, the Maritime Commission will put up \$24-million extra per ship—mostly for faster engines. They're designed to outrun the ambitious fleet of German-designed submarines that Russia is building. These are snorkel subs—able to "breathe," and thus stay under water indefinitely.

**Dry-cargo ships** total five—three for foreign account and two 22,000-

ton bulk ore carriers for U. S. interests.

For the future, some companies have let the Maritime Commission know they might build several fast general-cargo ships—with subsidy aid.

**Passenger-vessel** contracts call for five ships: two \$25-million, 972-passenger liners for American Export Lines to run between U. S. and Mediterranean ports; three \$10-million, 230-passenger, round-the-world ships for American President Lines.

Another big order is near: The Maritime Commission is asking builders what they would charge for a 2,000-passenger superliner for United States Lines. The commission's estimate is \$65-million.

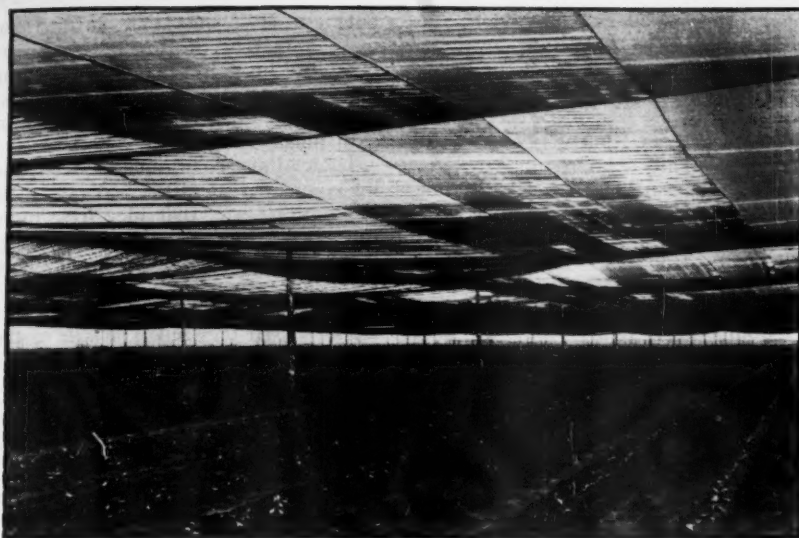
Twelve more passenger and passenger-cargo ships are in the talk stage. Companies interested in getting them are Moore-McCormick Lines, Mississippi Shipping Co., Grace Lines, Inc., and Farrell Lines, Inc.

A **hopper dredge** rounds out the 72 civilian ships actually on order.

• **Navy Program**—The Navy's plans call for 16 new ships, conversion of 33 others. All of the conversions will be handled by naval shipyards, but \$313-million of new-ship construction is earmarked for U. S. civilian yards. Orders to private industry include: a super \$124-million flush-deck aircraft carrier; a \$38-million antisubmarine cruiser; 3 \$11-million high-speed submarines; 2 \$7-million anti-sub submarines; and 4 \$26-million long-range destroyers.

• **Who Gets Orders**—Here's how the orders for the merchant and naval ships have been spread around:





## Tobacco Grows in a Plastic Shelter

Motorists in Connecticut have long been familiar with a picturesque summertime sight: vast tobacco fields sheltered by thin cloth. In the future, they may see new plastic "tents" like the one above, which planters have been trying out for their shade-grown crops. In experiments, the planters have so far pitched about 31,000

sq. yd. of Firestone Plastics Co.'s Velon over the growing leaves. This is a fabric made from vinylidene chloride fibers. Results, according to Firestone, seem to show that the open-mesh Velon will far outlast the conventional cotton cloth. Other possible advantages: better light diffusion, more protection from frost.

## Why the Urge to Merge

Sometimes it's just good business, more often it's taxes, labor trouble, family difficulties, management problems of small business in general.

The trend toward concentration of U. S. industry has taken a big upward swing since the war's end. Mergers are going on right and left (BW-Mar. 22 '47, p. 19). So noticeable is the trend that Congress has been asked to prohibit mergers by the acquisition of assets (mergers by acquisition of stock already are barred).

• **Opposition**—The Federal Trade Commission is particularly eager to get this bill passed. In support of it, FTC prepared a special report last year: "The Present Trend of Corporate Mergers and Acquisitions."

But despite FTC scowls, mergers continue at a high rate. Last week, for example, another big one was in the works. It would be between Hyde Park Breweries Assn., Inc., of St. Louis, and the big Griesedieck Western Brewing Co. of Belleville, Ill.

FTC says that mergers between 1940 and 1946 totaled 1,800. Since then, they have been taking place at an even faster rate. Since most of the businesses that sold out were "small"—at least in relation to those that bought them—the

FTC regards the development with alarm.

• **Why?**—What brings on the urge to merge? Who starts the flirtation that leads to union? On this point, FTC has been silent.

To get at the answer, Business Week has asked the principals in various mergers why they did it. The results aren't subject to statistical analysis, but they do shed some light on the trend.

• **Reasons**—The most unusual discovery was that the reasons for selling out are as long as your arm. Businessmen get tired of heavy taxes, tired of working, fed up with labor trouble, have no one in the family to take over. But through all this runs a certain theme, a discernable pattern. In it, three things stand out:

(1) Management difficulties often play some part in the decision to sell.

(2) But the seller doesn't start the merger. He usually waits until the buyer—most often a bigger company—comes to him.

(3) The seller often gets more than a fair price for unloading his business and

its headaches. Like as not, he gets job security, too—a managerial post with the firm that bought him out.

• **Family Affairs**—Family management troubles often are cited as a reason for selling out. For instance:

One prosperous little manufacturing company had as its president an 82-year-old man. Full control of the company was in his family. And he was not only head of the family, but the only member who knew anything about the business.

So the president decided to merge. He claimed the following: If any member of the family dies, "the Treasury would arbitrarily set the inheritance tax out of all reason. By merging, we could avoid some of that. Even so, they soaked us plenty. On an entirely family-owned business, they won't accept fixed book value. We had to pay tax on the sale. They get you no matter which way you turn."

• **Inheritance Tax**—Inheritance taxes often play a part in decisions to merge. Estate rates are so high that when a business passes on to the heirs, they may have to sell a big part of it to pay the taxes. That could mean in some cases that the family would lose control anyhow.

Instead, the owners figure it's better to sell out at a high price, pay the much lower capital gains tax, put the rest of the money into securities. They make out much better that way, they say.

• **The Outsider**—In some cases, the family management angle plays a part in the merger decisions in another way. For example, one company was controlled by two families. But neither of the owners could see anyone on the lower limbs of his family tree who would grow to the top. So the two partners took into the management an outsider who owned a good portion of the stock.

When the two original owners died, a son of each was brought in as partner with the outsider. Then one of these died, and the remaining son and the outsider reorganized the company—the family member was chairman of the board, the outsider president.

This looked like a workable setup, but the outsider didn't think so. He felt he was on shaky ground. The reason was that he was the only member of the board of directors who was not a member of the family. Thus, if his partner should die, then the company would fall to those in the family who knew nothing about it. They might hamstring him for fair.

• **The Best Out**—Meanwhile, the company was doing extremely well; the two partners had quadrupled business within 12 years. A competitor took note of this, and in the spring of 1947, proposed a merger. Both men were receptive—the outsider because of his general feeling of uneasiness, the family member

because he was tired of a steady diet of commerce and wanted to go fishing when the spirit moved him.

After the merger the outsider is still safe in a job as director of the acquiring company, still is president of its new subsidiary. The family member has realized his desire to retire and take life easy; he has stepped out entirely with a big roll he collected from the sale.

• **Prosperity Factor**—Present prosperity speeds up the trend to merge. For the time to sell is when prices are at a peak. A small business fetches a lot more

today than it has in a long while. And when the cycle does turn down and times get tough, the present owner won't have to wrangle with a lot of new problems. If he is aging, especially, the urge to get out from under while the getting is good is even stronger.

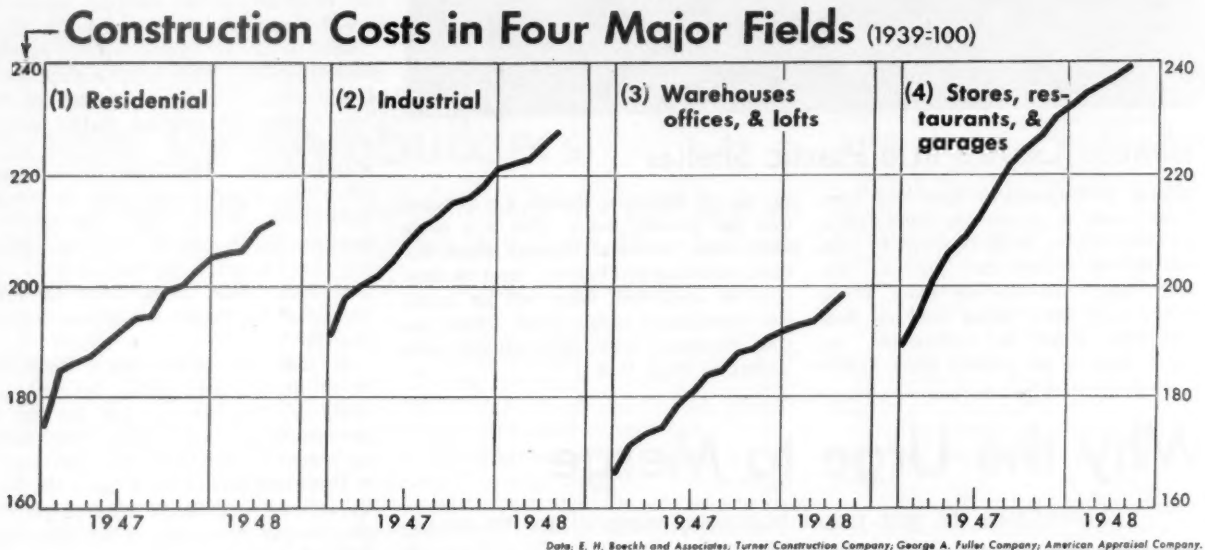
Said one small owner who had decided to sell out: "Business has been good for a long time. A difficult period is bound to come. I'm not inactive yet, but I'm at no age to try to guide the business through a difficult period."

• **Competition**—Others say the same thing from another angle. One seller-

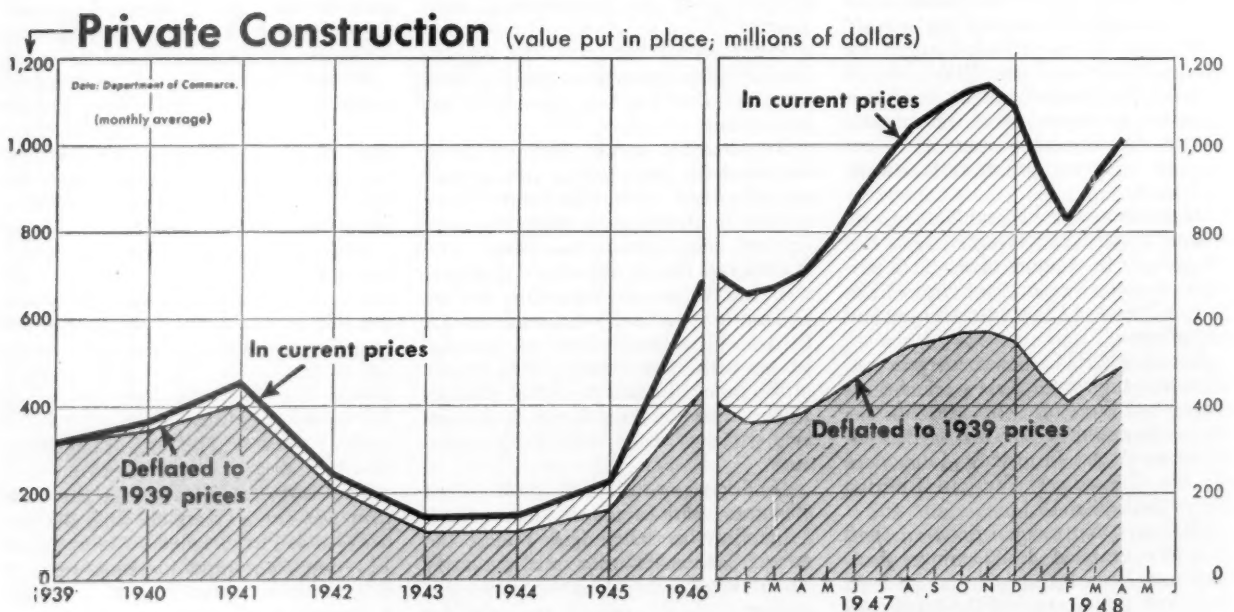
out says he figures that anyone can make money at the top of a business cycle. But he thinks that the top of the cycle has passed; from now on business is going to be a rough-and-ready field with tough competition.

Under those conditions, he feels, the big companies stand the best chance of progress. He says that they have more capital, more access to mass buying, more brain-power and experience, more know-how generally.

• **Regrets**—Sometimes the old owners are sorry after they sell. The wife of the ex-owner of one company explains: "We



**Rapidly rising construction costs in 1947-48 hide...**



**...The real picture of private building volume in U.S.**



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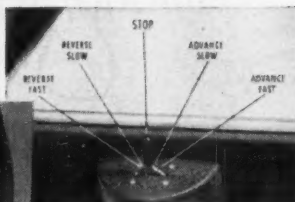
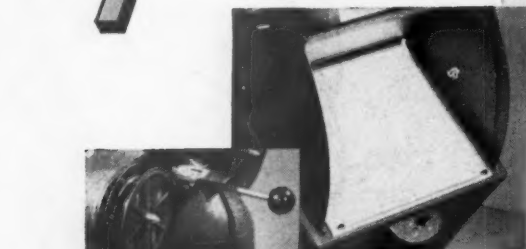
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were just tired and wanted to rest. It was so hard to get things right after the war, we had a hard time keeping help, and so my husband just wanted to retire. There was nothing else wrong. We were making plenty of money.

"Then we were sorry we had sold out after we rested a while. So now we have gone back into business."

They are still at it.

• **Life Saver**—Another reason for merging is management's desire to get out of a tight financial spot fast: One eastern manufacturer, for example, had over-expanded and then found himself in deep trouble. He either had to sell out or go under.

In other cases—especially in the construction industry—one firm alone often can't handle a job because it's too big, thus merges with another as a matter of expediency.

• **Labor Decides**—Management-labor relations are still another factor. One mill was taking in a good profit every year. But labor trouble made the owner ready to throw in the sponge. Here's what happened:

The union refused to accept an incentive plan. The company wanted it because it felt that on an hourly wage basis the workers were not getting out proper production. Figures showed this, and observation of work habits indicated a deliberate slowdown. The owner couldn't keep his costs in line. And when he thought of what might happen in case of a strike, he decided to accept the nearest merger offer.

• **Good Business**—Of course, many a merger comes about just because it is a natural—sound business for both parties. A big company in the West had a booming—but one-sided—business. It figured it could do a lot better if it had more related products to make and sell; its salesmen would then be thoroughly covered in the field. So the company looked around, saw a small outfit that filled the bill, and proposed a merger.

The smaller company agreed readily. The reason: The bigger company's wide distribution system would immeasurably boost sales of its product.

• **Widows and Orphans**—Mergers of this type are fairly common. But again and again management troubles of the family kind crop up. Take the case of a man who inherited the majority of the stock of a company from his uncle. Other stockholders were either widows or orphans of some of the founders. To him, they were an obstreperous lot who continually caused trouble.

Thus, he let it be known that his company could be bought by a big company that wanted it. His reason: "Those damned widows and orphans get in my hair. Let them see what they can do with an outsider."

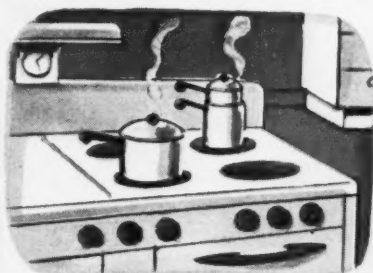
Now there's one less small business in the U. S.

# HOW SAFE ARE YOUR CHILDREN?

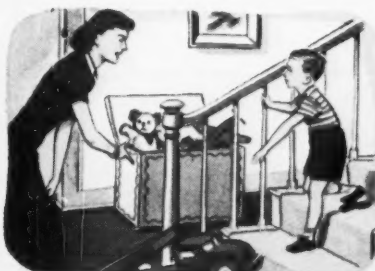
In the past 35 years, the death rate from disease among children 1 to 14 years of age has been reduced more than 80%. Today, accidents, in the home and out, are the leading cause of death in childhood. In addition, thousands of children are temporarily or

permanently crippled by accidents each year.

Fortunately, many accidents can be prevented. Parents can do most to guard their children's health and happiness by removing possible causes of accidents, and by establishing common-sense rules of safety.



**1. Burns cause** most fatal home accidents. So it's wise for parents to turn the handles of pots on a stove so they can't be reached, to keep matches in a safe place, and to place a sturdy screen around a fireplace or heater.



**2. Falls head** the list of serious non-fatal accidents. Parents can help prevent falls by providing a storage place for toys, so that they won't be left on the stairs, or floor. Windows should be guarded, and halls well lighted.



**3. Check your home** for other ways to make it accident-proof. Try to keep poisons, knives, scissors, guns and ammunition where young children can't reach them. Electric cords should always be in a safe condition.



**4. Safety in the streets** is extremely important. Children should learn to cross only at crossings, to obey traffic lights, to look both ways before stepping into the street, and to face traffic if they have to walk on a road.



**5. Bicycle riding** can be much safer if children know and obey such rules as keeping to the right and signaling for turns. Parents should be sure the bicycle has good brakes, a warning bell, a front light and rear reflector.



**6. Drowning** accounts for many accidental deaths. That's why a grownup should be present whenever children are playing in or near the water. In winter, parents should check ice conditions where children skate.

Parents can also be helpful in protecting their children by setting a good example and by showing them safe ways to work and play. If your child seems to have more than his share of accidents, it may be wise to consult your doctor. Sometimes accidents may be caused by physical or mental conditions which he can help correct.

To help protect your child, send for Metropolitan's free booklet, 98S, "Help Your Child to Safety."

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Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

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## 3 "Home Town" Schools Heated by Webster

In Camden, N. J., home town of the 60-year old Webster Organization, the Board of Education turned to Webster for solution of the diverse heating problems in both local high schools and one grammar school.

Heating plans for the Camden Board of Education are made by William T. Harker, of William T. Harker & Associates, Consulting Engineers, who says:

"Putting Camden-made Webster Moderator Systems in our schools is more than a matter of home-town pride. We have found that it pays to do so. Comfort is increased. Heating costs are low. Webster has the equipment and the experience to solve our heating problems."



Camden Senior High School, Camden, N. J. Built 1918. Heating modernized 1945 with Webster Moderator System.

In one case the high pressure boiler plant was converted to low pressure. In another, inoperative room temperature control was removed. In a third, noise was eliminated.

Modernization of obsolescent or worn mechanical plants pay off — equal and sometimes even greater results can be obtained in other public buildings, warehouses, hotels, office buildings, apartments.

Write us about your heating problems. A trained Webster Representative will be glad to discuss it with you.

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## Cement Shortage Is Critical

Despite record output, mills can't keep up with demand. Chief cause: the big rise in number of small construction and repair jobs. No relief seen until cold weather slows building.

At Marquette Cement Mfg. Co.'s Cape Girardeau (Mo.) cement mill last week, construction of a small garage was abruptly halted. The reason: The contractor had run out of cement. Company policy forbids direct sales to small-lot users. So mill officials hurriedly arranged to deliver a carload to Marquette's local dealer, won from the dealer a reluctant promise to allot 30

bags from the shipment to the contractor. Only then was work on the garage resumed.

• **Symptom**—Marquette's experience is novel, but it isn't unique. From coast to coast, cement demand is outstripping production; yet production is at a record high.

While, in Chicago, street repaving jobs stand half-completed for lack of cement,



GROUND FLOOR of old St. Louis loft building is converted into modern stores by . . .

## Building Jacked Up For Remodeling

Remodeling the ground floor of an office building into attractive modern shops is often an expensive job, as John Mavrakos can tell you. He heads Corinthian Realty Co., which owns an old six-story loft building in downtown St. Louis. When the company decided to remodel—as part of the general face-lifting of obsolete buildings in the area—it found that the building's supports were too close together to permit the wide display windows retailers demand these days. So the contractor, Murch-Jarvis Co., literally jacked up the top five stories of the building while the old supports were removed and the new concrete-encased steel beams were installed. Total cost of the remodeling to Corinthian: more than \$400,000.



. . . REPLACING OLD SUPPORTS with new ones, spaced farther apart





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HUMPING SWAGING  
hobbling  
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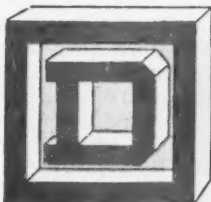
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builds electrical distribution and control equipment in pace with present needs—provides sound counsel in the selection of the right equipment for any given application—anticipates trends, speeds development of new methods and equipment.

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# NEW way to go West... in new all-room Pullmans!



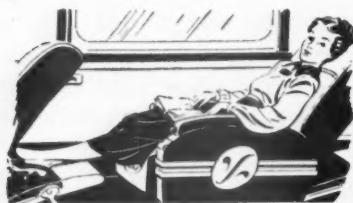
**WHEREVER YOU'RE GOING** between Chicago and the North Pacific coast, you can now go in new all-room sleepers... just added to Northern Pacific's sleek *North Coast Limited*. And look what your money buys! A compact-but-complete Duplex Roomette costs only 10% more than a lower—yet provides full privacy, your own toilet facilities, a big ever-ready bed. Want more space?—same cars have Roomettes, Compartments and Double Bedrooms, which may be engaged en suite. Just behind them, there's a smooth new observation lounge car. Now see what's just ahead...



"Look! We've Started!" Actually, you have to look to know you've started when you go Northern Pacific. That brawny new diesel locomotive out front has ample horsepower (4,500!) to start smoo-oo-thly.



**New Two-Way Meal Service** aboard new diner-lunch cars of the North Coast Limited suits every appetite. Here you'll find fine four-course meals served at tables, and popular-priced lunches at the counter.



**Can This Be A COACH?** Scarcely seems possible a coach ticket can buy such comfort—"Sleepy Hollow" seats that tip way back; leg rests; extra leg room. You'll go for NP's new "Day-Nite" coaches!



**What's YOUR Idea** of a wonderful trip—to Pacific Northwest peaks and ports?—dude ranches?—California, via Seattle or Portland? Whatever it is, enjoy it more on NP's newer, finer streamliner! P.S. . .

FOR WESTERN TRAVEL INFORMATION, write E.E. NELSON,  
324 Northern Pacific Railway, St. Paul 1, MINN.



in Wisconsin, a farmer erecting a silo asked for 60 bbl. of cement—and got five. In Minneapolis, plants making concrete blocks for house foundations and the like are curtailing or even suspending operations. In city after city over the nation, crews erecting reinforced concrete buildings are working only three or four days a week; contractors can't get enough cement to keep them pouring full time.

Cement stocks today are practically nonexistent. Producers are delivering direct from current production, because there's no inventory to draw on.

Production this year will run around 200-million bbl.—perhaps 10% over 1947's output of 187-million bbl. and 1947's record was 3-million bbl. above that of the best wartime year, 1942.

• **It's the Little Jobs**—Heavy construction projects—dams, highways, industrial plants, commercial buildings—are not primarily responsible for the current record demand. They help, of course. But it is the multitude of little jobs—jobs requiring a few bags or a few barrels—that is eating up cement faster than it can be made. Farmers and city folk alike are making long-delayed repairs and improvements. They have the money to build that new silo or pave that driveway—and they are doing it.

One cement maker estimates that big contract jobs—the kind that require hundreds or thousands of barrels of cement—are taking less than 30% of the shipments from his company's mills. Normally, such projects use the lion's share of cement output.

• **Waiting for Winter**—The present situation won't improve until cold weather slows down building and repair activity.

The cement industry's troubles really began nearly a year ago. Normally, cement makers use the period from about October to April to build up stocks against the following season's demand. But the weather last fall was mild, so construction continued later than usual. And spring was early this year, so cement demand expanded before companies had adequate stocks.

• **Not the Cause**—Cement makers say abandonment of basing-point pricing (BW—Jul. 10 '48, p. 19) is not responsible for the present trouble. That move has forced them to limit their sales pretty much to territories that can be economically served from their mills; this, in turn, has hurt cement users who formerly bought from distant mills. But that doesn't alter the fact that over-all output isn't equal to demand.

Producers hope that top-level operations this winter will help them build up stocks against next year's demand.

Few cement companies are planning major expansions of capacity. High construction costs and uncertainty over the duration of the present sellers' market are holding them back.

*A Distributor serves you Best*



**TONKA WATER HOSE**—braided construction. It is high quality for general service...lightweight, flexible, easy to handle, will not kink. Constructed with two or three braids of cotton reinforcement... has good quality tube and wear-resisting cover.

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### 25th Anniversary

1948 marks the 25th Anniversary of Republic Rubber Division's 5-Point Sales Policy. This policy, by intent, provides service to industry through carefully chosen distributors rather than branches, because, Republic believes it's a more economical and efficient way of doing business.

Your distributor is responsible for the good performance of the products he sells you... SO IS THE MANUFACTURER.

This double responsibility places purchasers in a safe and advantageous position, providing the policy of both the source of supply and the source of outlet is clearly understood. Republic Rubber's distributors are chosen for "Policy" and distributors choose Republic because of Republic's 5-Point Sales Policy. Such a combination is truly "double responsibility."

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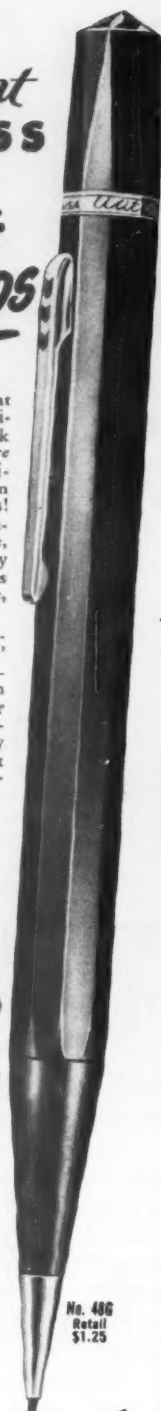
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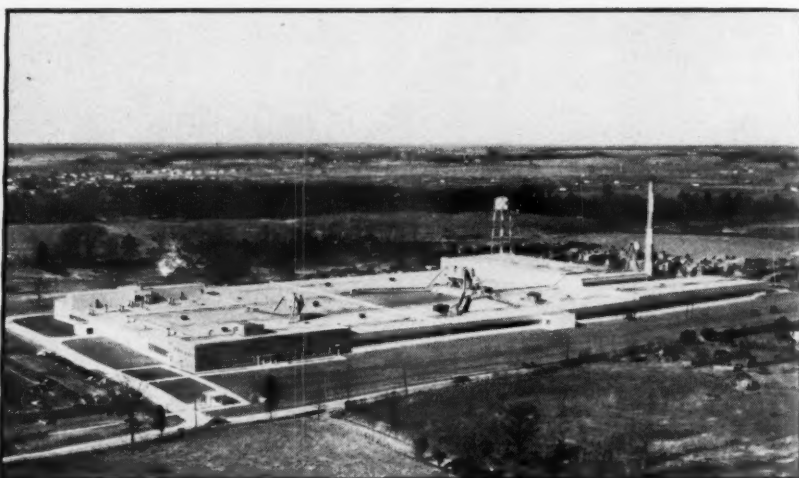


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# CITIES



OVER-ALL VIEW of Jackson. In the heart of Mississippi, the city has the advantage of a central location. It has attracted manufacturers and distributors



MISSISSIPPI PRODUCTS CO. finds its raw materials—hardwoods—right at hand. Presence of the stuff industry needs has been a major factor in Jackson's growth

## Jackson Attracts Industry

Solid resources—location, materials, transport—plus aid to new plants have built a solid prosperity for Mississippi city.

Jackson, Miss., doesn't call its growth a boom. It likes to think of itself as enjoying a prosperity that will be pretty permanent.

Yet Jackson's growth has been large. The 1948 City Directory, out last week, showed a population for the greater Jackson area of 121,212. That's an increase of 17,237 over the 1947 listing of 103,975. In 1920, Jackson's population was only 22,000. In the South, only Houston, Tex., can match that rate of gain.

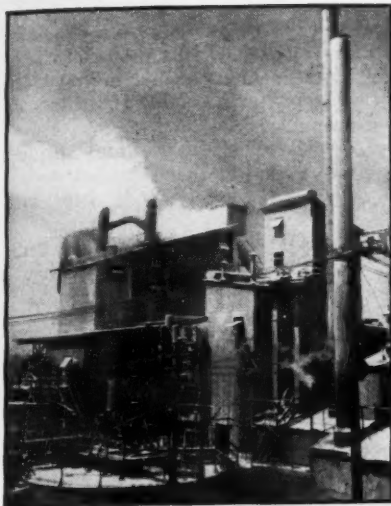
• **Steady**—Jackson's growth has come steadily, rather than in spectacular spurts. And there have been no major setbacks. The city went through the depression thirties smoothly. Today, business is bedrock solid; there are prac-

tically no shaky industries. So Jackson is looking ahead with confidence.

The war, which brought soaring expansion to some towns, didn't do much for Jackson industrially. Not a single war plant was located there. Jackson counts this as no handicap: It had no reconversion pains. But since V-J Day, 28 factories have moved in. Here are some of the reasons:

• **Central location.** Jackson is at the crossroads of the state of Mississippi, and, for that matter, of the Southeast. From Jackson, companies like Armstrong Cork distribute to the Gulf and Middle South states.

• **Transportation facilities** are better than average. Jackson is served by seven lines of the Illinois Central R. R. and



**FILTROL CORP.** gets fuller's earth nearby for petroleum refining processes



**DELTA COTTON OIL** helps make Jackson a big cottonseed oil crushing center

its subsidiary, the Yazoo & Mississippi Valley; and by two lines of the Gulf, Mobile & Ohio. East-west rail service is a little sketchy. To supplement it, 14 truck lines run 112 daily schedules in and out of the city. There are three bus lines. Some companies, like General Electric, use both rail and truck transport. G. E. ships north and south by rail, east and west by truck.

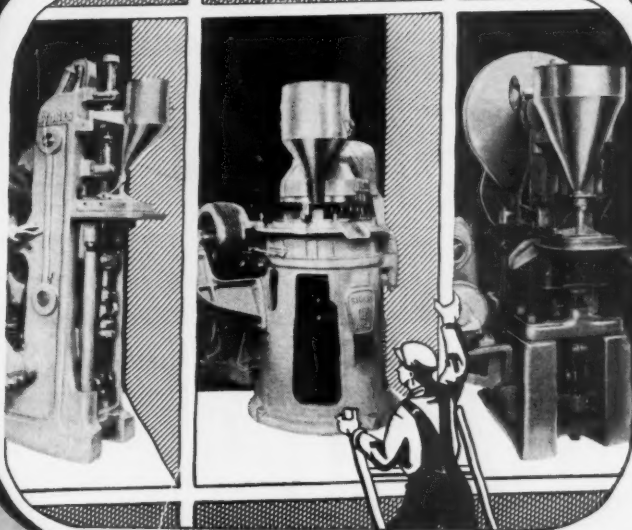
In addition, Chicago & Southern and Delta Airlines connect Jackson with the main air transport terminals at Memphis and New Orleans—each only an hour away.

**Handy raw materials.** Filtrol Corp. finds the fuller's earth it needs in a field 40 miles out of town. Mississippi Products Co. makes Sears, Roebuck radio cabinets and furniture from Mississippi hardwoods. Knox Glass Co. manufactures bottles, using sand from nearby Arkansas.

Woodworking plants are the biggest

ASK  
STOKES

You don't buy Powder Metal Presses  
"OFF THE SHELF"



A PRESS too large or too small for your long-term needs will show in the cost of every unit it produces. For advice on how you can use powder metal at a profit in *your* business; for help in press selection, punch and die design, powder formulas, or related problems . . . use the Stokes complete advisory service.

Here at Stokes you draw on the accumulated experience of more than half a century in press design and operation. Your problem goes through a semi-plant-scale testing laboratory guided by the engineering skill which has pioneered in this field since 1920. Recommendation is then made of the right press from the *complete* line of Stokes specially designed presses for powder metal work.

Stokes makes Vacuum and Special Processing equipment, High Vacuum Pumps and Gages, Pharmaceutical equipment, Industrial Tableting and Powder Metal Presses, Plastics Molding Presses, Water Stills, Special Machinery.

For the right powder metal press for your job, consult with F. J. Stokes Machine Company, 5956 Tabor Road, Philadelphia 20, Pa.



STOKES

KNOWS  
HOW

# our Wirebound Crates even benefit our dealers

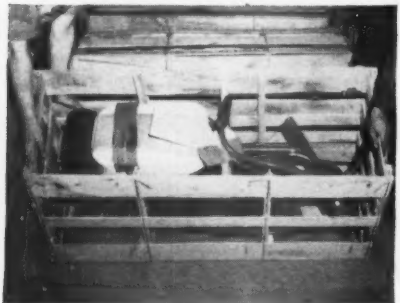
REPORTS THE BEAM CORP.,  
WEBSTER CITY, IOWA



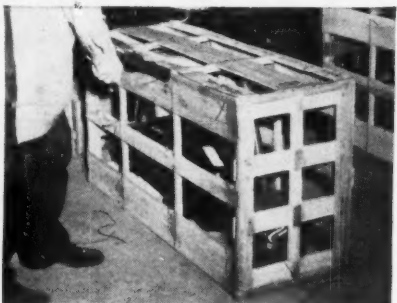
1. Stored flat for shipping room space economy, Wirebounds are quickly and easily assembled.



2. Two men lift the scooter and lower it into place in the assembled Wirebound Crate.



3. Packed, the scooter rests snugly in specially notched cross pieces nailed to the bottom of the crate.



4. Packaging is complete when the top is folded into position and wires secured with simple hand tool.

"Dealer reactions prove Wirebounds the ideal crate for the 'Doodle Bug' motor scooter," according to G. P. Castner, Vice President and General Manager of the Beam Manufacturing Company of Webster City, Iowa. "Merchandise arrives at the point of destination ready for immediate assembly and display on the sales floor."

Easily stored in a relatively small space, Wirebounds afford many economies in the Beam shipping room. Speed of packing operations, ease of handling and low initial cost all contribute to an efficient packaging procedure.

Because they combine the strength of steel with thinner wood, Wirebound crates also produce a considerable reduction in actual freight costs. This reduction, plus complete protection for merchandise in transit has enabled Wirebounds to earn invaluable dealer good will for the Beam Manufacturing Company.

Wirebounds can be designed to carry almost any product—regardless of size or shape—safely, efficiently and at lower cost. For complete information or a call by a specially trained Wirebound Sales Engineer, fill out and mail the coupon, today!



MAIL THIS COUPON!   
WIREBOUND BOX MFG. ASS'N.  
Room 1837 Berland Building, Chicago 3.

- ☐ SEND COMPLETE LITERATURE  
☐ SEND A SALES ENGINEER

NAME \_\_\_\_\_  
FIRM NAME \_\_\_\_\_ POSITION \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_  
PRODUCT \_\_\_\_\_  
"Plants located to serve all manufacturing centers"



Wirebound  
BOXES & CRATES

single element in Jackson's industry. Next in size comes cottonseed oil crushing. Jackson ranks second in the U. S. after Memphis in volume of cottonseed oil output.

**A pool of labor.** Jackson business executives explain that the labor supply is largely untrained, but is eager to learn. As new industry moves in, it pulls in farm people, looking for jobs. In three months, Armstrong Cork Co. turned a green force into production veterans.

Less than 20% of Jackson's labor is organized. But C.I.O. has been busy, and National Labor Relations Board elections are scheduled soon at two of the biggest plants.

**Cheap fuel and power.** Jackson shares this advantage with other gas-rich Gulf states.

Low-cost gas was the beginning of Jackson's industrialization. When the fields around the city were discovered in 1928, plants moved there to take advantage of the low rates. Those fields are pretty well used up now, and much of Jackson's fuel comes from other fields, through United Gas Corp.'s pipelines.

Oil is abundant, too. Mississippi ranks sixth among oil-producing states today.

**A policy friendly to business.** Mississippi is out to get new plants. One way is to treat them kindly taxwise. Just recently, the state repealed the manufacturers' tax. It offers a five-year property tax exemption to new plants as well. In 1946, the legislature trimmed the state income tax. Jackson's city taxes are "average" for a town its size.

• **The BAWI Plan**—To show that Mississippi means business when it says it wants business, it has only to point to its BAWI (Balance Agriculture With Industry) plan (BW—Jan. 5 '46, p66). In effect, this plan is an industry subsidy to new plants. It has three patterns:

(1) A community—with authorization from the state Agricultural & Industrial Board—floats a bond issue to build the plant. The operator then buys it over 10 or 15 years out of profits made in Mississippi.

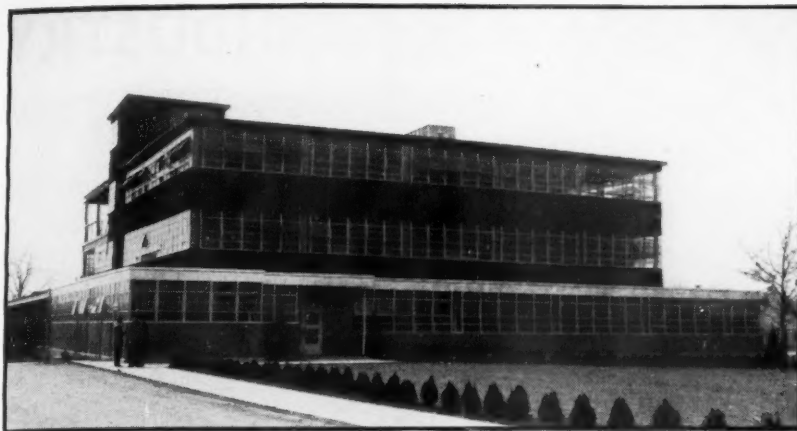
(2) The plant is leased for 10 years. The operator agrees to maintain a certain minimum yearly payroll. Thus, he provides jobs to local citizens and boosts all local businesses.

(3) This is a composite of the first two. The operator pays the community rent for his plant, but has an option to buy the plant for cost at any time. He deducts rent paid from the price.

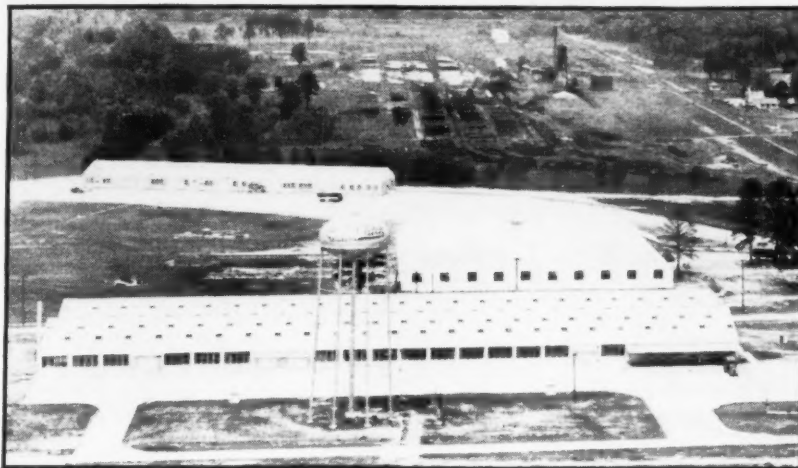
• **Effects on Jackson**—BAWI has brought no plants to Jackson itself. Most Jackson business leaders reason that they don't need a subsidy, and that a company that pays for its plant is a better business to have around.

Just the same, BAWI has done a job in contributing to the city's current boom times. Jackson feeds on the rest of Mississippi, and BAWI has helped





ARMSTRONG CORK ships asphalt tile from this Jackson plant to 11 southern states



F. W. FITCH (shampoo) also picked Jackson as a good distribution center

make Mississippi newly prosperous. It is still the bottom state economically in many ways (average per capita income last year was around \$860), but it's coming up fast. The farmers have more money. In the rich Delta country of North Mississippi, they have given up the one-crop system; now they plant everything from wheat to soy beans.

• **Distribution**—From a distribution point of view, Jackson is the big show in its state. Once the city's retailers got almost all their supplies from New Orleans and Memphis; today, Jackson has 180 jobbers, distributors, and wholesalers of its own.

A \$1-million Farmers' Market, just finished in July, points up the trend to make Jackson the state's distribution center. The market includes headquarters for a Mississippi crop-news service.

Retail merchants are doing a brisk business, too. Jackson stores rang up over \$105.7-million in 1947.

• **Builders**—Building Jackson hasn't been a one-man job. Among those who get the credit for today's good times is Wendell Black—the soft-spoken manager of the Jackson Chamber of Commerce. He can tell you almost anything

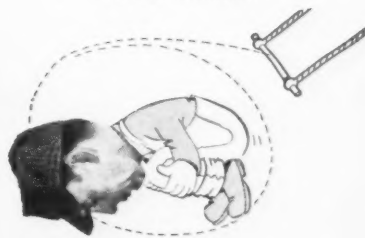
that has happened in Jackson from the Civil War to the present.

Other builders have been editor Fred Sullens, of the Daily News, whose fist fights have been more routine than unusual on the floor of the legislature in past years; ex-Gov. Mike Conner, who pulled Mississippi out of bankruptcy in the depression by levying a 2% sales tax; ex-Gov. Hugh White, who set up the BAWI plan; ex-Gov. Tom Bailey, who restored BAWI after Gov. Paul Johnson had killed it; and present Gov. Fielding Wright, who is out making speeches to boost his Dixiecrat vice-presidential campaign and to boost his home state.

• **Still Building**—Today, the state is solvent, with money soaked away. And Jackson is more than solvent. Right now \$100-million in new construction is under way—a lot of it industrial. It has a \$30-million backlog of construction that hasn't yet been started. Last year, 13 factories were built in the city; others are going up now. Jackson's total score is 187 manufacturing plants.

• **Payoff**—You can read the payoff in just one plain set of statistics: The city's 24,000 families own 27,000 automobiles.

## Workers "TURNING OVER" too fast?



... here's a sure way  
to **HOLD 'EM!**



Triple somersaults by a circus performer are good for a thrill! . . . "Turnover" which signifies skilled factory workers walking out on you is only good for dollar-losses in production.

Your workers are likelier to keep on the job longer—stay safer and healthier—to produce their best—in a plant or office kept *workably clean* by West sanitary maintenance products.

Whether for floors, wash-rooms, or for personal protection, West products are not only expertly formulated to do a "clean-up job" most quickly and thoroughly—they also give you health and loyalty "insurance" at lowest cost.

*West maintains nearly 500 specially trained representatives from coast to coast to help you with your industrial sanitation problems. Contact one at once—you'll find him full of money-saving recommendations.*

Products that Promote Sanitation

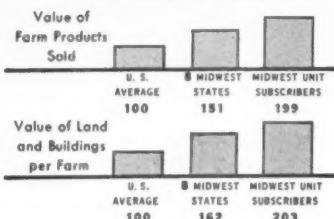
**WEST** DISINFECTING  
*Company*

42-16 West St., Long Island City 1, N.Y.



## THE "Midwest 8" FARMER

HERE'S HOW  
U.S. FARMERS STACK UP:



## Concentrate on the TOP FARM MARKET

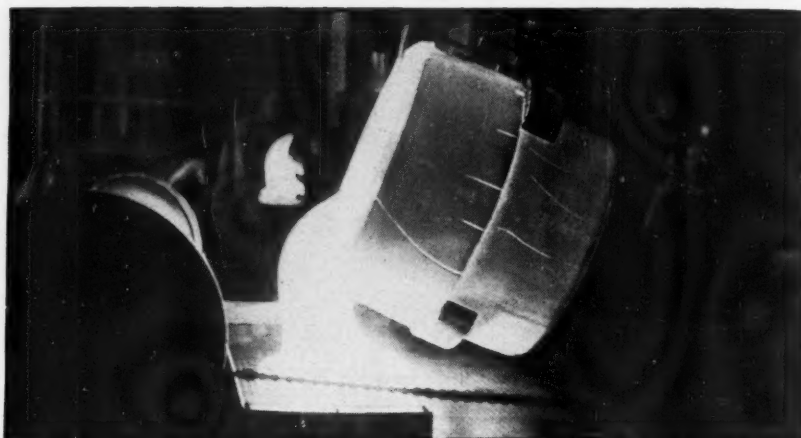
Be high man in your field in sales to the prosperous farm market. Select as your number one objective the nation's top income farmers—those in the Midwest 8 states. This class farm market can be sold as a single unit with the mass circulation of the Midwest Farm Paper Unit. Buy all five papers in one package. Get rates and information now.

Wallaces' Farmer & Iowa Homestead  
Nebraska Farmer • Prairie Farmer  
Wisconsin Agriculturist and Farmer The Farmer

## MIDWEST Farm Paper Unit

OFFICES AT: 250 PARK AVENUE, NEW YORK • 59 E. MADISON ST., CHICAGO  
542 NEW CENTER BUILDING, DETROIT • RUSS BLDG., SAN FRANCISCO  
645 SOUTH FLOWER STREET, LOS ANGELES

## CAMERA VISITS INDUSTRY



1 Molten glass starts on its way to become bifocal lenses. After being poured on preheated table, it will be rolled into thin sheets, cooled in annealing ovens

## Pouring Out More Bifocals

Bausch & Lomb's new plant in Rochester, N. Y., symbolizes the progress in U. S. lens making. Semi-automatic processes have upped production to fill the demands of ever-growing market.

There's a big future ahead for the big, new Bausch & Lomb Optical Co. plant shown in these pictures.

• **Big Market**—It turns out bifocal and trifocal lenses for eyeglasses. And these types of lenses have a bigger market than ever for at least two very good reasons:

(1) People beyond middle age are the ones who need bifocals the most to provide different lenses for seeing at a distance and close up (trifocals have still another focus for medium distances). There are more older people in the U. S. than ever before. Right now there

are twice as many people over 65 as there were 17 years ago.

(2) The Army put glasses on around 2-million men who didn't know they needed them.

• **Increased Production**—Bausch & Lomb bought the ex-war plant in Rochester (N. Y.) for \$450,000. The new plant doubles the company's previous production of bi- and multi-focal lenses. (B. & L. claims 25% to 35% of U. S. bifocal production.)

The plant is equipped with new and improved machinery—much of it semi-automatic—which speeds up output.



2 Finished sheet of optical glass is examined for bubbles, other imperfections. This is first of 14 inspections. Then . . .



3 Expert breaks each sheet of glass into just the right size for pressing into lens blanks (TURN TO PAGE 42)

# PROFITS ARE YOUR BUSINESS



It's Ditto's business to help you to make profits—speed paper work, reduce costs, eliminate errors.

Proof of greater profits thru the use of Ditto can be found in the thousands of business organizations now using Ditto in every phase of business.

Whether it be for business systems—production, order-billing, payroll or purchasing—or any of the scores of other uses listed in the coupon below, Ditto will save you dollars and errors, because Ditto copies anything hand-written, typewritten or drawn, at the lowest possible cost.

Return the coupon for samples and more facts.



**PRODUCTION**  
**PAY ROLL**  
**PURCHASING**  
**ORDER-BILLING**

## CHECK THESE PROFIT-MAKING APPLICATIONS. MAIL THE COUPON

- GENERAL MANAGEMENT**
- ☐ Policy and Procedure Manuals
  - ☐ Organization Charts and Changes
  - ☐ Minutes of Directors Meetings
  - ☐ Reports to Stockholders
  - ☐ Conference Reports
  - ☐ Bulletins
  - ☐ Minutes of Management Committee Meetings

- FINANCE AND ACCOUNTING**
- ☐ Balance Sheets
  - ☐ Operating Reports
  - ☐ Earnings Statements
  - ☐ Expense Statements
  - ☐ Audit Reports
  - ☐ Budgets
  - ☐ Appropriations
  - ☐ Financial Reports
  - ☐ Blank Report and Record Forms
  - ☐ Payroll System
  - ☐ Cost Analysis Records
  - ☐ Profit and Loss Statements

- SALES AND SALES PROMOTION INCLUDING ADVERTISING**
- ☐ Price Lists
  - ☐ Price Changes
  - ☐ Sales Manuals
  - ☐ Contest Bulletins
  - ☐ Sales Bulletins and Instructions

- ☐ Sales Letters
- ☐ Quotations and Bids
- ☐ Market Analysis
- ☐ Quotas and Performance Records
- ☐ Prospect Records
- ☐ Mailing Lists
- ☐ House Organs
- ☐ Schedules
- ☐ Advertising Layouts
- ☐ Sales Reports
- ☐ Blank Report and Record Forms
- ☐ Commission Statements
- ☐ Instruction Sheets
- ☐ Examination Papers
- ☐ Copies of Testimonial Letters
- ☐ Statistical Records
- ☐ Convention Programs and Reports
- ☐ Reports of Advertising Results
- ☐ Posters
- ☐ Questionnaires
- ☐ Sales Training Materials

- PRODUCTION**
- ☐ Process and Production Orders
  - ☐ Manufacturing Schedules
  - ☐ Manufacturing Specifications
  - ☐ Change Orders
  - ☐ Drawings and Sketches
  - ☐ Production Reports
  - ☐ Charts and Graphs
  - ☐ Plant Notices
  - ☐ Laboratory Reports

- ☐ Test Reports
- ☐ Notices and Bulletins
- ☐ Instructions to Foremen
- ☐ Stock Sheets
- ☐ Inventory Reports
- ☐ Scrap and Salvage Reports
- ☐ Defective Material Reports
- ☐ Training Manuals
- ☐ Training Schedules

### OFFICE MANAGEMENT

- ☐ Order and Billing System
- ☐ Blank Report and Record Forms
- ☐ Copies of Wires and Cables
- ☐ Telegraphic Codes
- ☐ Manuals—Office
- ☐ Vacation Schedules
- ☐ Bulletins and Notices
- ☐ Branch Inventories and Shipments

- ☐ Methods and Procedures Manuals
- ☐ Export Shipping Orders
- ☐ Export Bills of Lading

### PERSONNEL AND INDUSTRIAL RELATIONS

- ☐ Absentee Reports
- ☐ Safety Bulletins (In Colors)
- ☐ Educational and Training Bulletins
- ☐ Blank Report and Record Forms
- ☐ Personnel Record System
- ☐ Organization Manuals
- ☐ PURCHASING AND RECEIVING
- ☐ Purchase Order and Receival System
- ☐ Contract Records
- ☐ Notices and Bulletins
- ☐ Blank Report and Record Forms
- ☐ Bid Requests

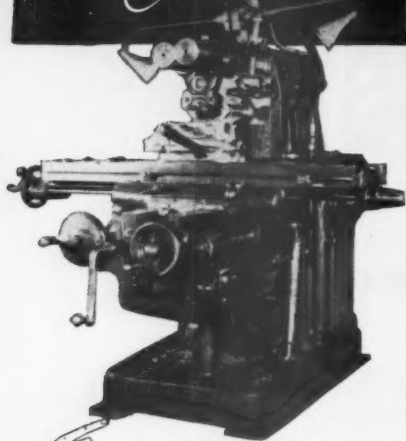
Ditto, Inc.  
2243 W. Harrison Street  
Chicago, Illinois

Gentlemen: Kindly send me further information on how I can make profits with Ditto in my business, as checked above.

Name.....  
Company.....  
Address.....  
City.....Zone.....State.....



*Vibration and  
Floor Damage  
Go OUT*



*...when*  
**UNISORB**  
**MACHINE MOUNTING**  
*comes IN*



NOW, you no longer have to wreck floors simply to anchor machinery. And machine anchoring really has become simple—when you "Mount It On UNISORB."

UNISORB-Mounting requires no bolts, no lag screws, no destructive floor drilling. A special cement binds the UNISORB pads to the machine feet and the floor with a minimum holding strength of 1500 lbs. per square foot. Installation time is cut.

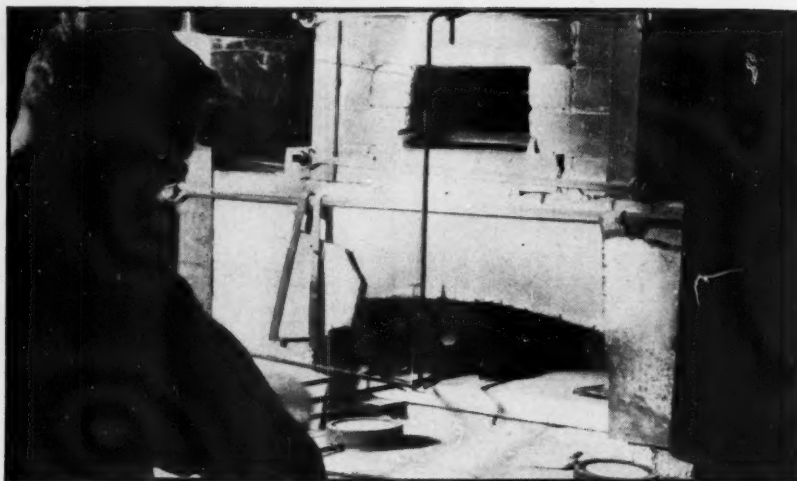
Because UNISORB absorbs from 60% to 85% of transmitted vibration and noise, it protects machinery, floors and building... helps provide your employees with quieter surroundings, which means lowered worker fatigue and higher production efficiency.

Write for a UNISORB sample and full details. Putting it off can cost you money you'll save by acting... now.

### THE FELTERS COMPANY

210-Q SOUTH STREET, BOSTON 11, MASS.

Offices: New York, Philadelphia, Chicago, Detroit  
Sales Representatives: San Francisco, St. Louis



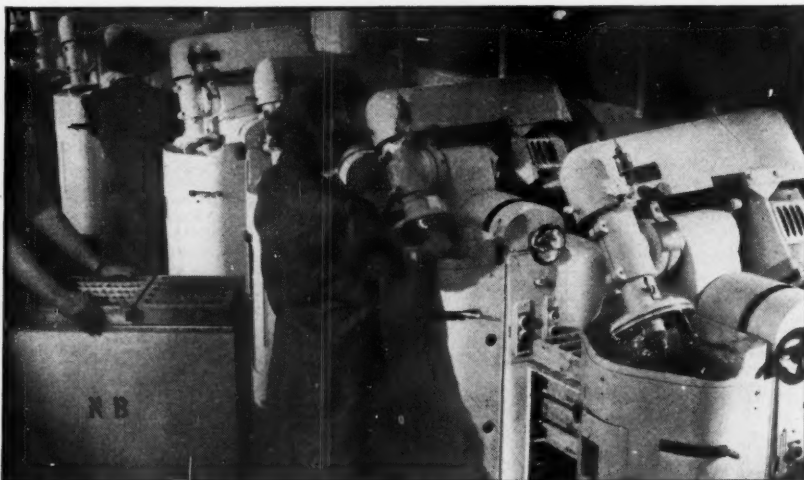
**4** Squares go into an open oven, where they are softened for molding into lens blanks. Now they are ready to run a gauntlet of improved and refined processes, and machines



**5** Diamond cutting wheel of spherical generator mills lens. Cellophane jacket keeps cooling solution from splashing



**6** Four lens blanks are "blocked" together on single base by newly designed machine. Hot pitch glues lenses to block



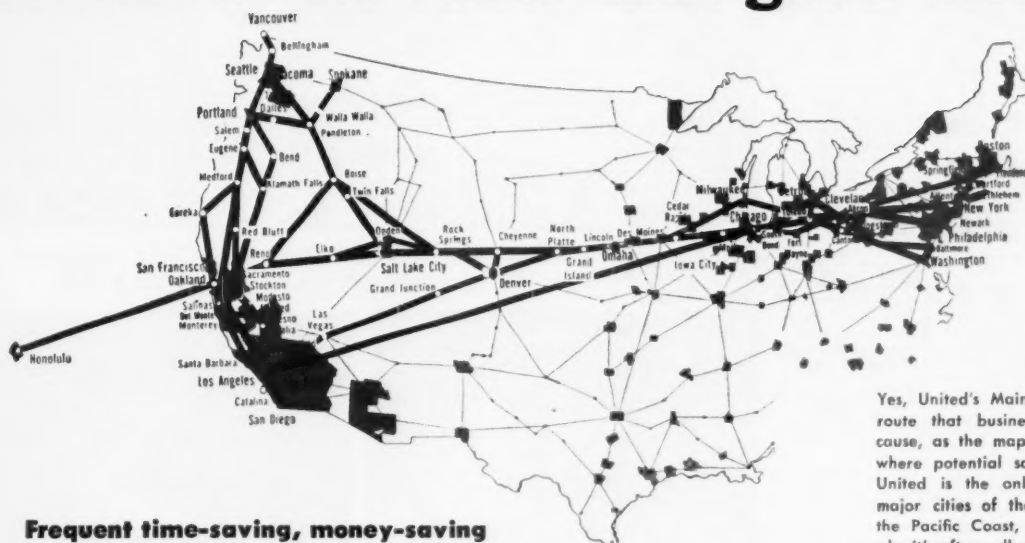
**7** Blocked lenses again go to a battery of high-speed milling machines. Here the counter-sink for bifocal "button" is milled. Later the milling machines will rough off the button after it has been fused to lens (TURN TO PAGE 44)

# This is where the money is



Nearly 70% of the estimated effective buying income in the U. S. is concentrated in these counties.

# United is the route that goes there



Yes, United's Main Line Airway is the route that business men travel — because, as the map shows, United goes where potential sales and profits are. United is the only airline that links major cities of the East, Midwest, all the Pacific Coast, and Hawaii. That's why it's often called "The Business Route of the Nation."

## Frequent time-saving, money-saving flights intercity or coast-to-coast

Luxurious, five-mile-a-minute DC-6 Mainliner 300s fly non-stop between big cities . . . one-stop coast-to-coast . . . and overseas to Hawaii. Superb local service is provided all along the Main Line Airway by hundreds of intercity Mainliner flights. And dozens of optional routes allow you to go one way, return another, at little or no extra cost.

This unequalled pattern of service means you can cover more territory, make more stops, and get home sooner when you fly United. Call United or your authorized travel agent.



PASSENGERS • MAIL • EXPRESS • FREIGHT

## For Faster FLOOR-TO-FLOOR HANDLING



## For Better Use OF STORAGE SPACE



**FARQUHAR  
CONVEYORS**  
*Cut Your Costs*

WHETHER it's bags, bales, boxes, bundles, cartons . . . whether you stack, pile, move, load or unload . . . Farquhar Freight Conveyors can cut your handling costs! Built to "take it," flexible Farquhar Freight Conveyors handle your materials faster, more economically!

Top illustration shows how Farquhar Model 431-FO Freight Conveyor speeds up floor-to-floor handling in laundry plant—carrying laundry bundles from delivery trucks to second floor.

Bottom illustration shows how a North Carolina plant eliminated "dead" storage space with the installation of a Farquhar Model 431-EC Freight Conveyor. Hundred pound bags of cotton seed meal are now piled higher, faster, easier—in places never before possible without conveyors.

Farquhar has the right materials handling conveyor for your job too! Tell us your handling problem; we'll give you the information you need. Write: A. B. Farquhar Company, Conveyor Division, 201 Duke St., York, Pa., or 612 W. Elm St., Chicago 10, Ill.

**Farquhar**  
PORTABLE OR PERMANENT  
MATERIALS HANDLING  
**CONVEYORS**

HYDRAULIC PRESSES FARM EQUIPMENT  
FOOD PROCESSING and SPECIAL MACHINERY



**8** Lenses are removed from blocks after quick-freezing in a -40 F. chamber. Cold contracts pitch, and lenses come off easily. This a new method: Formerly lenses were merely knocked off block—which often resulted in breakage—or were put in ice water



**9** Lenses are washed clean with a water and chemical mixture under high pressure. This washing machine is a far faster, more thorough version of prewar machines



**10** Lenses are dotted with ink to mark places for tiny pins. Pins plus an adhesive hold bifocal buttons in place for fusing



**11** Worker cleans lens in dust-free room before fastening button—held in thumb and forefinger (TURN TO PAGE 46)





*Is this your idea of putting  
it over with a BANG, Judson?*



**Judson:** Well, yes, considering the state of our budget. It will be *great* publicity!

**Chairman:** Publicity my eye! What our dealers want is a steady demand. Hit-and-run publicity gags won't give that!



Ever hear of Studebaker, Colgate, Ipana or Lucky Strikes? Certainly! How do you suppose they go about sending customers to their dealers? For one thing, they keep their story before the nearly 2,000,000 REDBOOK families. They know that these young families have a record of buying products advertised in REDBOOK. They know that they are young enough to still be forming their buying habits. They



know that they have a SIX BILLION DOLLAR spendable income.

Why doesn't somebody tell *you* these things?

**Judson:** Well, the REDBOOK man was in, but I was busy and our budget is so small—

**Chairman:** Then you don't really *know* what REDBOOK can do for us? You haven't heard that \$36,000 would tell our story to these free-spending REDBOOK families every month in the year in 2/3 pages? Instead of being "busy", why don't you find out how smart advertisers build up sales for their dealers? They use REDBOOK, and that's what we ought to do!

# REDBOOK

444 Madison Avenue, New York 22, N. Y.

# Why They Went to Oklahoma

With

**LIGGETT**

**SUPPLY & EQUIPMENT COMPANY**

it was

**THE GROWTH OF THE SOUTHWEST**



**CHARLES E. DEXTER, Jr.**

President,  
Liggett Supply & Equipment Co.

**Says:**

"In establishing our branch plant at Tulsa, Oklahoma to make complete running gear assemblies of Liggett axles and springs, we did so in order to take care of our business in the rapidly growing Southwestern area.

"We found that Oklahoma is an integral part of the Southwestern area and yet is within easy reach of a large portion of the Missouri and Mississippi Valley markets.

"We were made to feel welcome by local businessmen who quietly and confidently showed us the advantages of Oklahoma, indicating their full belief in its future.

"We found that we could get fast through-freight transportation for those of our products which come from the East and Midwest and good air travel for those of our organization who have to coordinate work at all three of our plants.

"We have become, in fact, one of Oklahoma's most loyal boosters."

Oklahoma has many business advantages in addition to those which appealed to Liggett. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



**OKLAHOMA**

PLANNING and RESOURCES BOARD  
STATE CAPITOL BUILDING  
OKLAHOMA CITY, OKLAHOMA



**12** Trays of matched buttons and lenses pass through improved electric fusing furnace. They are then milled, measured



**13** Lenses are polished with white compound (zirconium oxide). This replaces the familiar, messy red rouge (iron oxide)



**14** Calibrated screen measures diameter of bifocal segment. Lens is ready for optician, who will grind it to prescription

# POLIO CURE?

**I**NFANTILE PARALYSIS...the dread "summer plague"...has already reached a 32-year high, in reported cases for 1948.

Suddenly, a new "miracle drug" is rumored... word spreads, and parents from coast to coast deluge their doctors with pleas for information.

"Is this drug really a cure?" "Can it save our child?" "Where can we get it?"

For seven weeks, *SCIENCE illustrated* has been in close touch with the pharmaceutical house where this new drug, "Darvisul", is being developed. Our editors recognize its high promise (and its immediate significance: chemistry's first attack on the *virus* frontier). But they agree with the scientists in charge that publicity would be premature before further tests have been run. By November, perhaps, a first report might be in order.

But now, with an anxious public confused over what the drug can and cannot do, *SCIENCE illustrated* swiftly goes into action. Within 48 hours

of press-time, we assemble our facts, check with authorities, and prepare the first authentic story on Darvisul ever to appear.

You'll find this remarkable article in the September issue. It's another *SCIENCE illustrated* first—and it gives added evidence that *SCIENCE illustrated*, in action, can get action for advertisers.

For the people who read this magazine (more than 530,000 net paid) look to it *increasingly* for clear, complete, authoritative news from the whole world of science. They read eagerly—and with *confidence*.

And remember this: 54 per cent of all *SCIENCE illustrated* family heads are college trained... 43 per cent hold executive or professional positions of influential leadership... 37 per cent earn \$5,000-plus incomes.

Here are people with the curiosity to *know* and the wherewithal to *buy*. Here are excellent prospects for *your* product.

means

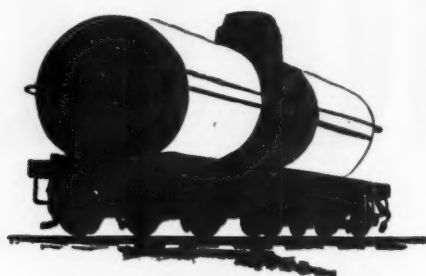
**ACTION!**

CHICAGO • DETROIT • SAN FRANCISCO • LOS ANGELES • BOSTON • ATLANTA



# PRODUCTION

## Industry Applications of Phosphorus Show



**White Phosphorus**  
(under water)

White Phosphorus burned in dry air produces:

### Phosphorus Pentoxide

Methyl Phosphoric Acid  
Ethyl Phosphoric Acid  
Propyl Phosphoric Acid  
Butyl Phosphoric Acid  
Amyl Phosphoric Acid

White Phosphorus burned in a moist atmosphere produces:

### Phosphoric Acid

#### BASIC USES:

soft drinks	fertilizer
rust-proofing	textiles
metal cleaning	sugar
gelatin	pharmaceuticals
jelly and preserves	water treatment, etc.
silage treatment	

White Phosphorus plus chlorine produces:

### Phosphorus Trichloride

Triethyl Phosphite  
Phosphorus Oxychloride  
Triethyl Phosphate  
Tributyl Phosphate  
Trioctyl Phosphate  
Tricresyl Phosphate  
Triphenyl Phosphate

Iron Phosphates	Copper Phosphates
Magnesium Phosphates	Lead Phosphates
Aluminum Phosphates	Lithium Phosphates
Barium Phosphates	Silver Phosphates
Beryllium Phosphates	Zinc Phosphates

### Sodium Phosphate Compounds

Cheese  
Leather  
Textiles  
Detergents  
Water Treatment  
Dye  
Pigments  
Soap  
Bleaching  
Metal Cleaning  
Oil Drilling Mud  
Glass  
Baking Powder  
Electroplating

### Potassium Phosphate Compounds

Fermentation  
Nutrient Solutions  
Soap  
Textiles  
Water Softener  
Oil Refining  
Pharmaceuticals

### Ammonium Phosphate Compounds

Fireproofing  
Yeast  
Malt  
Fertilizer

### Calcium Phosphate Compounds

Anti-Caking Agent  
Baking Powder  
Self-Rising Flour  
Prepared Flour  
Mineral Supplement  
Tooth Paste  
Tooth Powder  
Pharmaceutical

Data: Monsanto Chemical Co.  
© BUSINESS WEEK

## Rapid Growth

Steel, food, and petroleum industries are big users. Output of phosphate rock (the basic raw material) at new peak.

Mention phosphate to most people, and they immediately think of fertilizer. Few know the important and growing industrial uses for phosphates and other phosphorus chemicals.

True, 90% of the phosphate rock mined in this country ends up as fertilizer. But the uses of that other 10% range from rust-proofing steel to the manufacture of matches (chart, left).

• **Uses**—The food industries consume a lot of phosphorus in one form or another. Calcium phosphate is the base of most commercial baking powder. As such, it's used in large quantities by commercial bakers; it is also an important ingredient of most self-rising kitchen flour. Phosphoric acid is an important ingredient of soft drinks, particularly the cola type. And trisodium phosphate (TSP), an industrial detergent, finds a big market in the food field, where sanitation is so important.

Other important industrial applications:

- Various sodium phosphates help control the viscosity of the mud that's important in oil-well drilling.
- Other sodium phosphates become industrial and household water-softeners.
- Several different phosphates are used in the steel industry to rust-proof the metal, or to prepare the surface for organic coatings such as lacquers.
- **Mineral**—Whether you want to get phosphorus fertilizer or phosphorus chemicals, you have to start with phosphate rock. There are three chief producing areas in the United States—Florida, Tennessee, and a group of western states, principally Idaho, Montana, Utah, and Wyoming.

Last week the Bureau of Mines put out its 1947 figures on phosphate-rock production. These—to quote the bureau—set some “startling new high records.” Mine output rose from 7,168,839 long tons in 1946 to 9,121,081 tons last year. Of this total, Florida accounted for 6.3-million tons, over 1-million tons more than last year. Tennessee produced nearly 1.5-million tons; the western states more than doubled their 1946 output to reach 1.2-million tons.

• **Element**—To get phosphorus chemicals, the rock must first be reduced to

# Why are the better informed addressing machine users everywhere changing

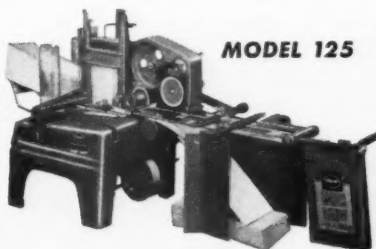
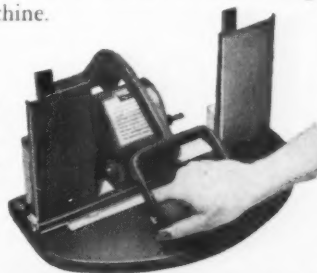
to the *Elliott* addressing system?

1. Any typist with any standard typewriter can stencil your addresses into Elliott address cards and thus keep your mailing list up-to-date every day.

2. With the Elliott Addressing System a typist can stencil and prepare for filing from four to seven Elliott address cards in the same time it takes to emboss and assemble one old-fashioned card index metal address plate with an old-fashioned embossing machine.

### \$45 ADDRESSERETTE

3. For mailing lists of a few hundred names, Elliott offers this new \$45.00 Addresserette into which the addresses are tray loaded and tray unloaded 125 at a time.



MODEL 125

4. For straight address work, Elliott offers this new \$185.00 addressing machine. It automatically feeds and addresses envelopes, post cards and other forms at a speed of 125 per minute which is from three to five times faster than any competing addressing machine in its price class.

5. For large Mail Order, Public Utility, Publishers, etc., Elliott makes more than 100 different sizes and models of addressing machines ranging in price from \$500.00 to \$15,000.00. They accomplish results that no competing addressing machines can accomplish.

6. The mechanical engineers of America's biggest concerns bring their problems to Cambridge, Mass., and in the majority of cases they discard old-fashioned mechanical addressing equipment and install better, faster, more versatile Elliott Addressing Machines.

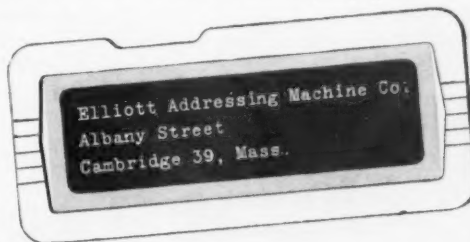
7. And, it's not difficult to change to the Elliott System. Because Elliott supplies the stencilled address cards in special filing trays to fit your present metal address plate filing cabinets at a charge of only 2¢ per address—and Elliott makes a cash allowance for old-fashioned addressing equipment thus displaced.

We have two very interesting pocket size booklets that we would like to send to you.

### THE ELLIOTT ADDRESSING MACHINE COMPANY

Dept. 9-A, 151 Albany Street  
Cambridge 39, Mass.

With Branch Offices in all large cities



## Speaking of supersalesmen . . .



## Success is a HOUSEHOLD word

*Nothing surprising about that!*

Just look at the Household MARKET, small cities and towns. They contain more than half of America's retail outlets—and they now have the greatest buying power in history!

Look at Household READERS, more than 2,000,000 families. They're the bigger families, with bigger wants—and over 70% are home-owners!

Look at Household SELLING—with Idea-Planned editorial pages. They back up Household advertisers with more than 250 "buy-ideas" per issue!

Best of all, you can hire this super-salesman at the lowest cost per page per thousand—\$2.25 for black and white, \$3.00 for four colors. Try it. Let your own sales show you that "Success is a Household word!"

### . . . and speaking of Sales Appeal . . .

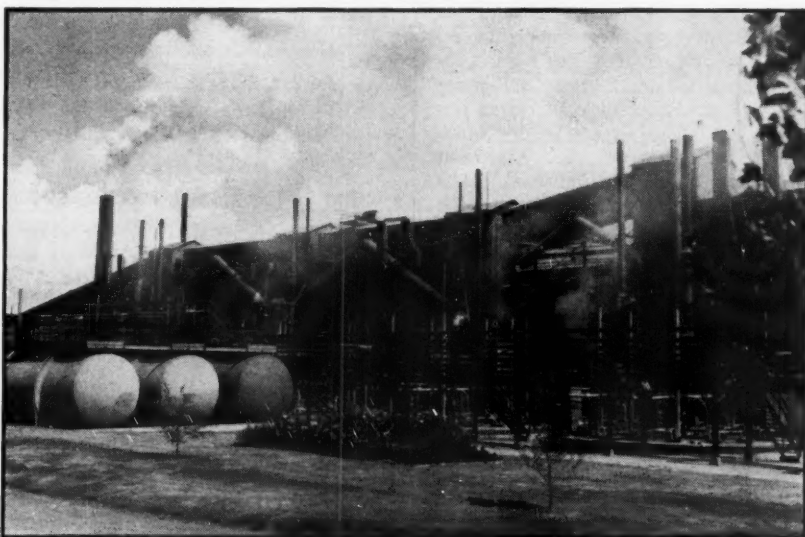
- ★ Household has a bright new format!
- ★ Lots more 4-color ads—over 40% more advertising revenue!
- ★ More readers—circulation over 2,000,000!
- ★ Editorial pages—"Idea Planned" to get action!

## HOUSEHOLD

*a magazine of action for small  
cities and towns*



PHOSPHATE ROCK MINES are where all phosphorus derivatives start. Then . . .



HUGE PLANTS, LIKE MONSANTO'S, change rock to phosphorus, store it under water

elemental phosphorus. Today this is done chiefly in electric furnaces: The rock is smelted with enough carbon to reduce it to the elemental form.

The phosphorus comes from the furnace as a liquid, runs into a storage tank where it is kept at a temperature just above its melting point of 111 F, under water. (The element is always kept under water; it ignites spontaneously on contact with air.) For shipping, it is pumped into steel tank cars under water; cold water running through pipes in the car solidifies it. Then, for unloading, hot water in these same pipes melts it so it can be pumped out again.

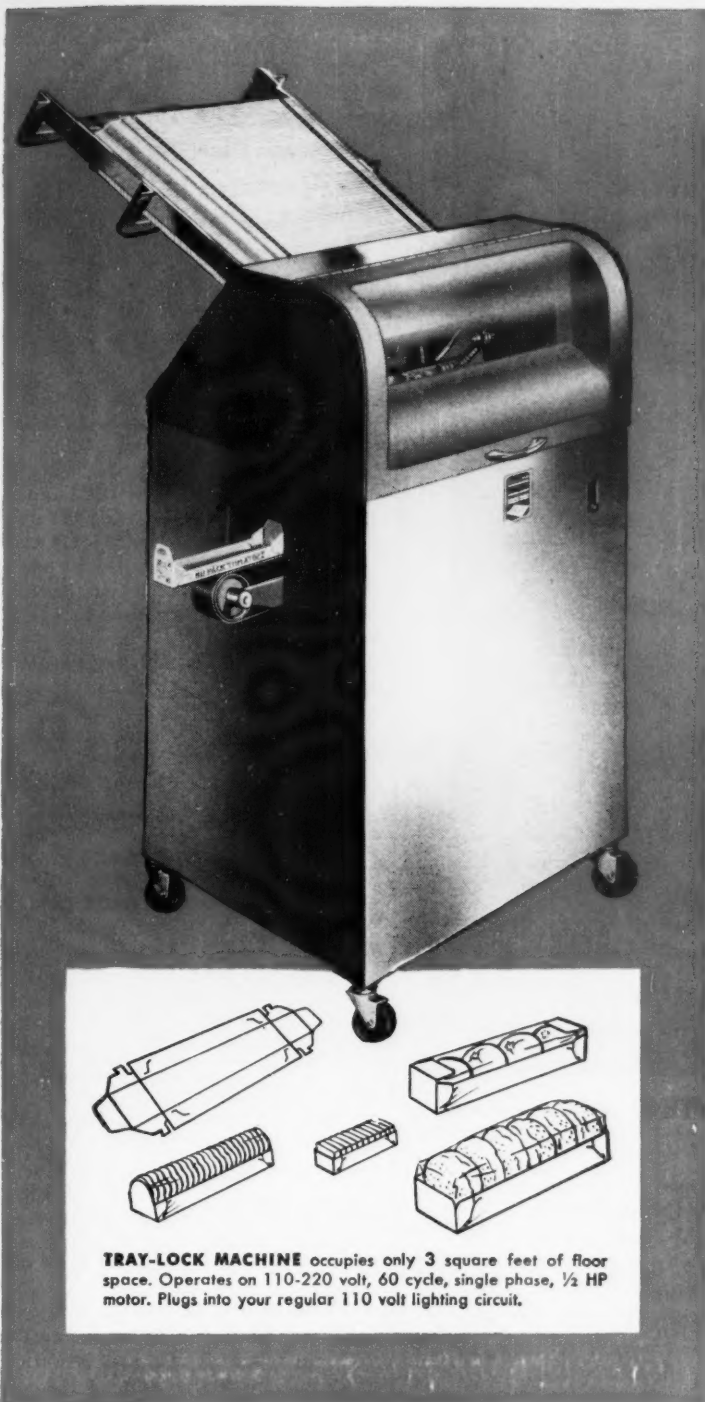
• **Compounds**—Elemental phosphorus has only one important end use—

matches. Most of the phosphorus produced in this country is converted into one of three basic chemicals—phosphoric acid ( $H_3PO_4$ ), phosphorus pentoxide ( $P_2O_5$ ), or phosphorus trichloride ( $PCl_3$ ).

Phosphoric acid is the most important of the three. It has several applications in its own right; it is also the basis of most of the industrial phosphates.

Phosphorus pentoxide and phosphorus trichloride are almost never consumed as such. The former is used to make organic phosphoric acids, and also to make various phosphates in a dry state. The trichloride is the base for various organic phosphorus compounds; among them are several low-temperature





**TRAY-LOCK MACHINE** occupies only 3 square feet of floor space. Operates on 110-220 volt, 60 cycle, single phase, ½ HP motor. Plugs into your regular 110 volt lighting circuit.

## General Mills Tray-Lock Machine

Made by one of the world's largest users of packaging machinery

## Better cartons... at greater speed ...for less money

Maybe you're paying too much for cartons. Maybe your packaging line moves too slowly. Maybe your cartons aren't as good as they could or should be.

There's a simple, sturdy, reasonably priced machine that can do something about all three . . . immediately.

It's the new General Mills Tray-Lock Machine that turns out tray-type, locked-end cartons from inexpensive, flat *unglued blanks* . . . automatically.

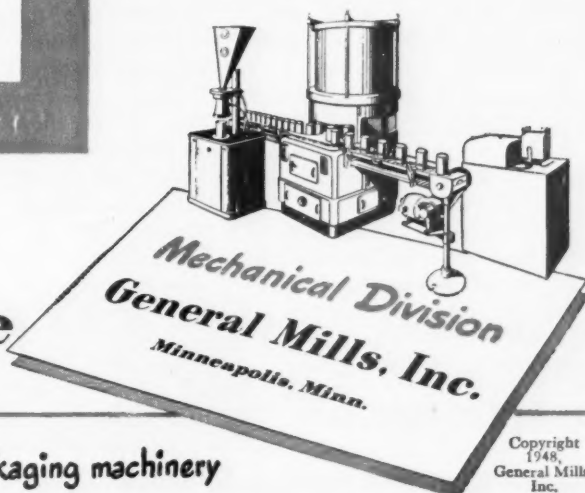
Carton sizes? Anything from 1" to 2½" high, 2" to 6" wide and 4" to 13" long . . . all on the same machine. And size change-over is a simple 10 minute job.

Speed? Any speed your filling operation calls for . . . up to 90 ready-to-fill cartons a minute, day-in day-out.

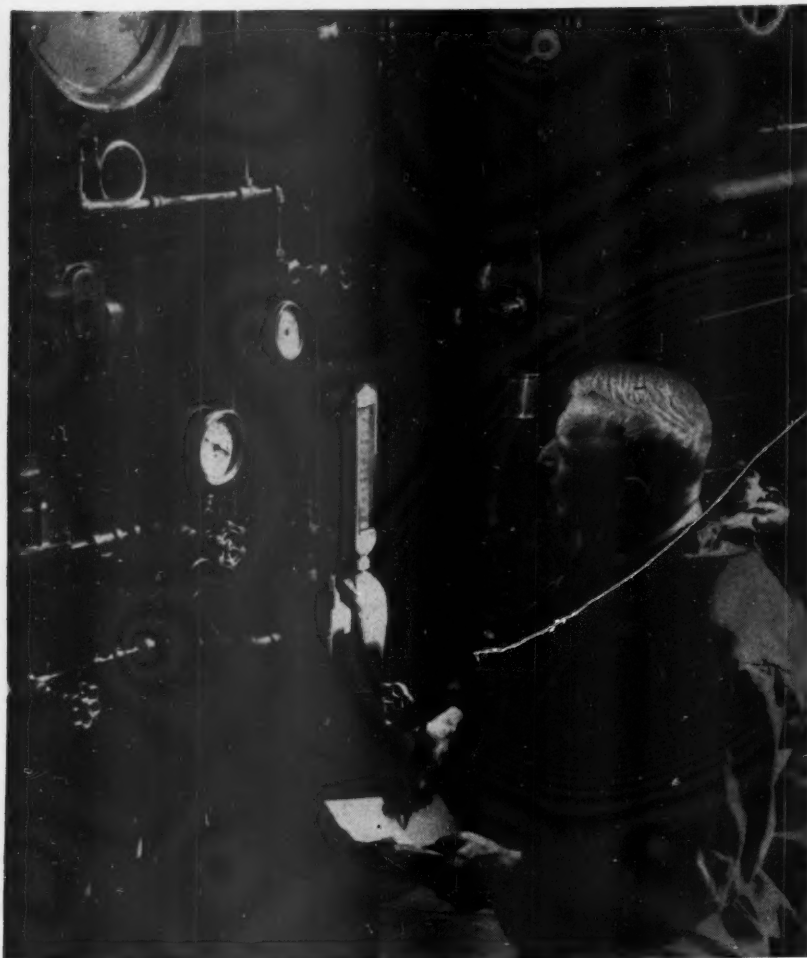
Check these points: Completely automatic operation saves labor cost. No glueing saves carton cost. High, controlled speed cuts production time. Sturdy, perfect cartons mean fewer rejects, less waste.

If you use finished-edge trays or telescope boxes, you'll want the new Finished-Edge Carton Former which has the same speed and versatility as the Tray-Lock Machine.

For complete data on these or other General Mills Packaging machines, (ice cream carton set-up and closing units, Vacuflow Powder Fillers) write to Dept. B98, Mechanical Division, General Mills, Inc., 1620 Central Ave., Minneapolis 13, Minn.



Copyright  
1948,  
General Mills,  
Inc.



## This detective finds clues before the crime

A gauge needle may give him a lead. Or he may detect a faint off-sound in an engine. Through long training, the Hartford Steam Boiler inspector knows *where* to look for power-plant trouble *before* it gets serious.

His periodic check-ups of insured power units help prevent many dangerous accidents. His advice has often added years to the working life of costly installations.

Hartford Steam Boiler's staff of field inspectors—the largest of its kind—gives full time to power-equipment protection. This staff has

on call the experience gathered by the Company through 82 years in this one highly specialized line. Field men are strategically located throughout the country so they are available quickly in emergencies.

Thoroughness in engineering and skill in the application of insurance coverage have made Hartford Steam Boiler first choice, by long odds, with firms having power-plant insurance. Let your own agent or broker show you how the Company's unique facilities can serve your plant.



### The Hartford Steam Boiler Inspection and Insurance Company

HARTFORD, CONNECTICUT

Covers: Boilers • Pressure Vessels • Steam, Gas and Diesel Engines • Turbines • Electrical Equipment

plasticizers such as tricresyl, triphenyl and tributyl phosphate.

• **In the Field**—The two biggest producers of elemental phosphorus are Monsanto Chemical Co. and Victor Chemical Works. Other producers include American Agricultural Chemical Co. and Oldbury Electro-Chemical Co. Westvaco Chemical Corp. will begin phosphorus production next year at Pocatello, Idaho. Virginia-Carolina Chemical Co. once made the stuff, but dropped out of the field last year. The Tennessee Valley Authority is also a big producer.

Production and demand for phos-

### Phosphate Rock Origin

	Available Resources	Actual Production
	%	%
Florida .....	38	73
Tennessee .....	2	20
Western States ...	60	6

### Phosphate Rock Uses

	%
Superphosphates .....	67
Phosphates, phosphorus .....	13
Direct soil application .....	8
Stock and poultry feed .....	1
Fertilizer filler .....	1
Exports, and misc. ....	10
Total .....	100

### Phosphate Rock Processors

Monsanto Chemical	
Monsanto, Tenn.*†	
Columbia, Tenn.*	
Anniston, Ala.†	
Trenton, Mich.†	
Victor Chemical Works	
Mt. Pleasant, Tenn.*	
Tarpon Springs, Fla.*	
Chicago Heights, Ill.†	
West Nashville, Tenn.†	
Morrisville, Pa.†	
TVA	
Wilson Dam, Ala.*†	
Oldbury Electro-Chemical	
Niagara Falls, N. Y.*†	
American Agricultural Chemical	
South Amboy, N. J.*	
Carteret, N. J.†	
Virginia-Carolina Chemical	
Nichols, Fla.*	
(Phosphate Mining Co.)	
Charleston, S. C.†	
Westvaco Chemical	
Pocatello, Idaho*	
Carteret, N. J.†	
A. R. Maas Chemical	
South Gate, Cal.†	
Allied Chemical & Dye	
Marcus Hook, Pa.†	
E. I. du Pont de Nemours	
East Chicago, Ind.†	
Graselli, N. J.†	
Blockson Chemical	
Joliet, Ill.†	

\*Elemental phosphorus. †Phosphorus compounds.

phorus and its compounds are growing fast. But demand is still way out ahead—so much so that producers have been operating far beyond rated capacity. For example, in 1946 the commercial companies turned out 60,200 short tons of elemental phosphorus from a rated capacity of only 41,250 tons. (Neither figure includes TVA, whose capacity is said to be just under 30,000 tons.) Current and planned expansion is expected to bring the commercial producers' capacity to about 70,000 tons by the end of next year.

• **History**—Phosphorus began its career back in 1669—when an obscure alchemist made it by accident while trying to convert base metal into gold. He called the yellow, wax-like solid phosphorus—the light-bearer—because it glowed in the dark.

In 1842, John B. Lawes got a patent for making phosphoric acid by treating bones with mineral acid. That was the start of the commercial industry. By 1850, phosphorus compounds were being used in baking, in making medicines, and as fertilizer. Blast furnaces were the first to turn out elemental phosphorus, but today electric furnaces have largely supplanted them.

• **Chief Use**—Fertilizer, of course, is still by far the largest product of phosphorus compounds. And it will probably continue that way for a long time. Right now, with farm income at record levels, there's a lot more demand for phosphate fertilizers than the manufacturers can fill.

Yet, paradoxically, the fertilizer industry runs at only 50% of capacity in an average year; at only 75% of capacity even in a boom year like this.

• **Reasons**—Phosphate men explain the discrepancy this way:

(1) The business is seasonal; year-round operations would mean keeping a supply on hand during low-demand periods, and that would involve storage problems.

(2) There have been localized shortages of the acids needed to make fertilizer from phosphate rock.

(3) The westward shift of markets has upset production locations.

• **Growth**—In 1900, phosphate rock consumption came to only about 1-million long tons. By 1946, it was up to 6.3-million tons. Last year it leaped to about 9-million tons.

In 1951, the Bureau of Mines figures, it will be about 8.3-million. Even though that's less than 1947, it still represents an average annual gain of 6% over 1946. In making this forecast, the bureau is counting on the farmers' continuing prosperity. Some experts think the bureau is too optimistic, that near-future demand will be below the 1946 level. In any event, it looks as though rock production will be high enough to meet requirements.

**I**N the nation's display windows and on assembly lines for producers' goods the phenolic plastics...and these are the Durez plastics...are showing their wonderful versatility. Even among the "general purpose" compounds, Durez continually provides buy-appeal and desired performance factors in new shapes, as shown here. These are the compounds your molder probably knows best, and can shape to your ends with impressive time and labor savings.

If you're in a hurry to get things moving, you'll find practical advantages in our continuing plant expansion program, perfected quality controls, and new laboratory facilities. As specialists in phenolics, we can advise you on material and finishing economies inherent in these plastics, and the use of mass production methods. Let us send you "Durez Plastics News," showing each month what other manufacturers are accomplishing with Durez.

Durez Plastics & Chemicals, Inc., 409 Walck Road, North Tonawanda, N. Y.

Export Agents: Omni Products Corp., 460 Fourth Avenue, New York 16, N. Y.

**Durez helps "BUY APPEAL" take**

**many new shapes**

**CONSUMER GOODS** using Durez widely include this 5½ lb. AC-DC Sentinel "Treasure Chest" radio. Eight molded pieces comprise the housing and novel controls. The cabinet colors harmonize attractively with other Durez parts. Front cover has inner and outer shells with loop aerial between. Molded-in holes avoid the need for machining.

**THE ELECTRIC MIXER** gains much eye-appeal from its Durez one-piece motor housing and handle. This plastic is non-corrosive, easy to keep clean, sanitary. Its shape suggests the ease with which intricate forms are obtained in Durez. Courtesy, Whippit Appliances, Inc.

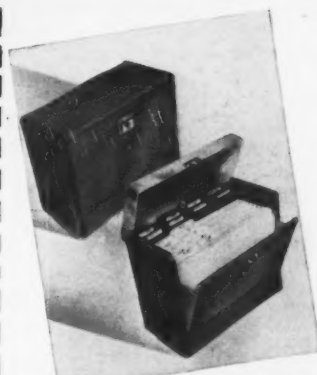
**BRAND NEW APPROACH** to a willing market is the Moldmaster line of personal correspondence, card and stationary files for executives. Molded Durez handle and sides with embossed paneling produce a warm, modern treatment that gives new salability to old stand-bys. Produced and sold by Art Steel Sales Corporation.



IN RADIO HOUSINGS



IN ELECTRICAL APPLIANCES



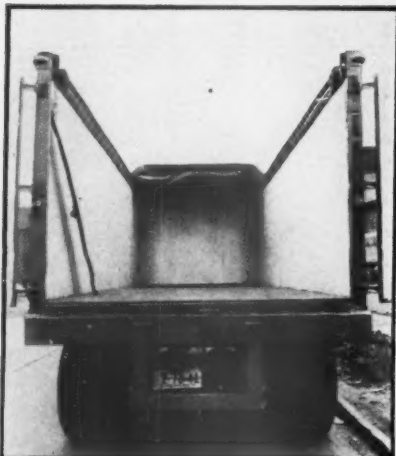
IN PERSONAL FILES



**PHENOLIC PLASTICS THAT FIT THE JOB**



# NEW PRODUCTS



## Truck Topper

The tug-of-war needed to get tarpaulin over an open truck or trailer is soon going to be a thing of the past, according to Pittsburgh Steel Products Co. Its latest development, the Speed-Rack, is designed so that one man can roll the canvas over an open-top load in a matter of minutes.

The metal bows to which the tarpaulin is attached are mounted in two parallel racks that run along the top edge of the sides of the trailer. The bows are linked to a conveyor chain which is connected to a crank at the rear of the trailer. Turning the crank pulls the bows (and the attached tarpaulin) from the front of the trailer toward the rear. They fan out, stretching the tarpaulin tightly over the load.

By using a draw string, all ties can be made at the rear of the truck or trailer. The bows automatically adjust to minor variations in the width of the truck to prevent binding or jamming. The racks are made of tubular steel; all moving parts are inclosed. The company address: 3214 Grant Bldg., Pittsburgh 30.

• Availability: two to three weeks.

## Rock Salt Tire Tread

Finding a rubber compound with maximum nonskid qualities on ice has long been the goal of tire researchers. Cork, steel coils, abrasives, and even sawdust have been tried in the treads in the fight against skidding.

Newest try is Wintrac, developed by U. S. Rubber Co. It uses ordinary rock salt, which is mixed into the rubber in the compounding. As the tread wears down, the pieces of salt drop out, leaving small surface pits which grip the ice.

In tests on clear lake ice, U. S. Rubber says it found that the treads would stop cars up to 30% more quickly than

ordinary new tires. The material was developed for recapping worn tires to make them usable for winter driving. U. S. Rubber is at Rockefeller Center, New York, N. Y.

• Availability: immediate.

## Ignition Cutoff

A new safety switch will help prevent automobile fires caused by collisions or overturning. So says its maker, Delo Screw Products Co., Delaware, Ohio.

The switch is attached to the oil line of the engine, either at the oil filter or at the engine block. In the switch there is a diaphragm which is controlled by oil pressure; this diaphragm is connected to the ignition contacts. When the oil pressure drops below a certain set point, or when the car tilts to a 45-deg. angle, the ignition automatically cuts off. To turn it on again, you have to use a special auxiliary ignition control.

The device, called the Clarke Safety Switch, will be marketed by Maize Tire Co., Inc., 989 N. High St., Columbus 1, Ohio.

• Availability: 30 days.



## Twist Stopper

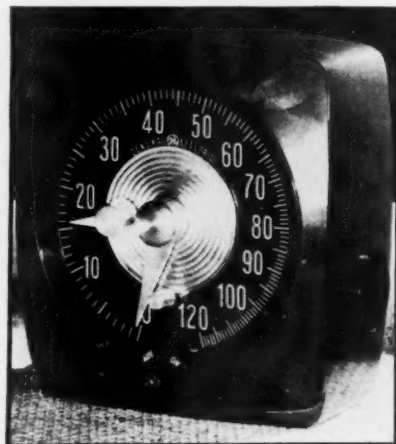
Twisting and untwisting of wire rope has always been one of the bugbears in tow work or hoisting jobs. During the war, General Machine & Welding Works, 1100 East Second St., Pomona, Calif., figured out a swivel that took the torque out of glider tow ropes used by the air forces. Now these Miller Swivels have been adapted for general commercial use.

The swivels are made with two female ends (clevises). One of these ends turns on a bearing surface of three conventional ball bearings. Even under a 77,-

000-lb. load, the swivel can be turned with the thumb and forefinger alone, the manufacturer says.

The bearings are protected from dirt and water by a heavy grease packing, sealed when the swivel is assembled at the factory. This assembly is made under pressure to force all vacuum pockets from the bearing chambers. The swivels are precision-machined of steel, come in sizes comparable to wire rope. They are available in ten different styles.

• Availability: Immediate on small orders, 30 days on large.



## Cycle Control

A new automatic interval timer (Type T-48) has been developed by General Electric Co., Schenectady 5, N. Y. It's intended to control time cycles on equipment in industry, the home, the hobby workshop.

The timer is made in four models to measure time intervals of: (1) 0 to 120 sec., for photographic and other processing equipment; (2) 0 to 15 min., for sunlamps, electric mixers, diathermy equipment; (3) 0 to 2 hr., for ovens and heating devices; (4) 0 to 12 hr., for long roasting and baking processes, battery charging equipment.

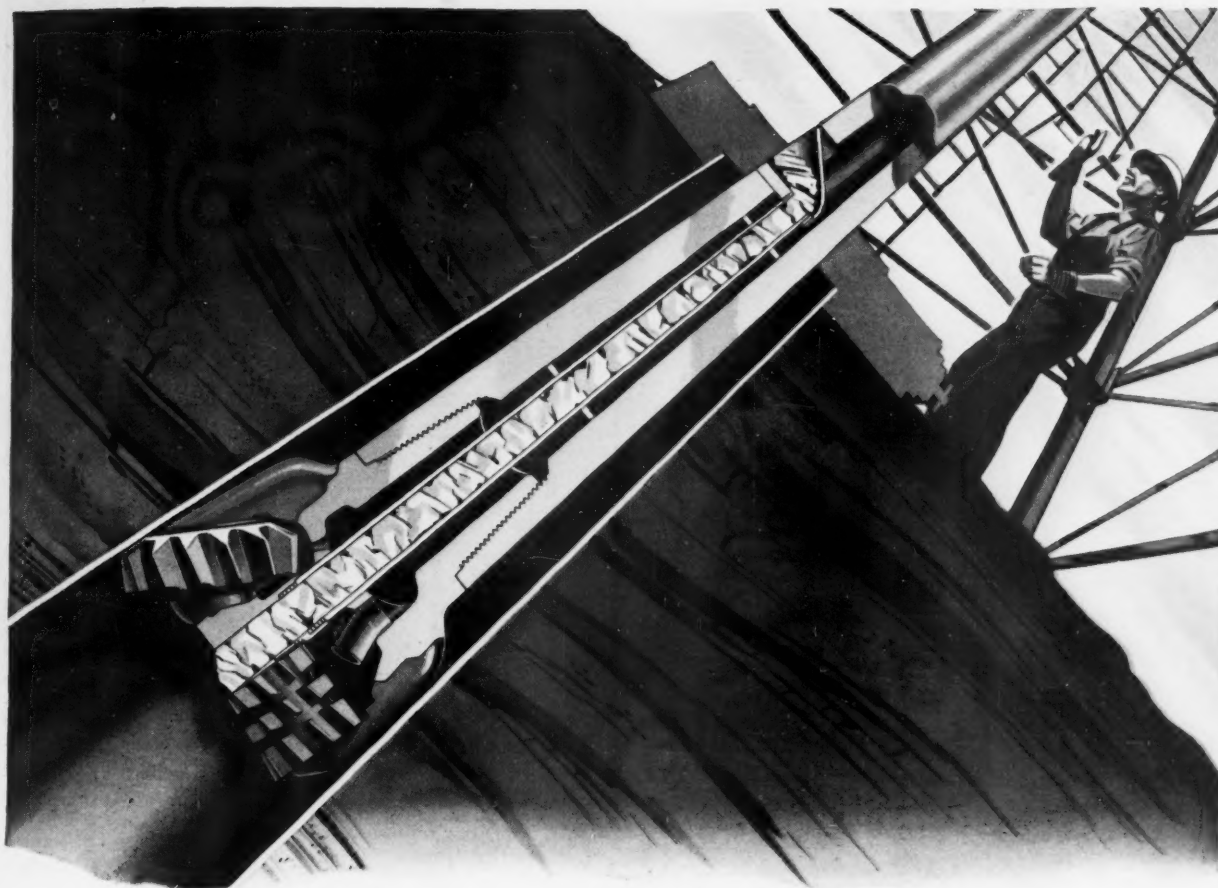
Powered by a self-starting, permanently lubricated Telechron motor, the new timer operates on a 120-v. 60-cycle a.c. circuit, weighs 2 lb. At the end of any cycle the timer resets automatically. Equipment to be controlled can be plugged in to an inlet receptacle on the side of the case.

• Availability: starting Oct. 1.

## Photo Plate Maker

Plastiphoter, a device developed by Remington Rand, Inc., simplifies the job of making photographic offset plates in the office. The unit is designed to replace the heavy-duty vacuum frame, arc light, and whirler used in conventional equipment.

The machine works with Rand's pho-



## What came from worrying about the cost of fossils

Samples of fossils embedded in rock, shale, sand, and earth, through which an oil well is drilled, tell experts a lot about where to look for new wells. Getting a sample from miles down was extremely expensive. Security Engineering now produces a special bit which continuously takes samples of the rock drilled through, yet cuts as fast and lasts as long as a regular drilling bit. The center of the hole forms a core of the formation. At any time, the driller can raise the bit to the surface and bring up a three-foot core of the rock from the bottom of the well.

This Security Bit more than quarters the cost of taking cores. It can save the oil industry millions of dollars.

Another Dresser development, the Kobe *Free-Type* Pump, enables one man to surface this pump in half an hour. Formerly the job took four men eight hours. A 64 to 1 saving in one of the highest operating expenses.

Dresser Industries is far more than one of the largest suppliers to the oil industry. It is a leading pioneer in oil progress.

**BOVAIRD & SEYFANG Mfg. Co.**  
Bradford, Pa.

**BRYANT Heater Company**  
Cleveland, Ohio; Tyler, Texas

**CLARK Bros. Co., Inc.**  
Olean, New York

**DAY & NIGHT Mfg. Co.**  
Monrovia, Calif.

**DRESSER Mfg. Division**  
Bradford, Pa.

**DRESSER Mfg. Company, Limited**  
Toronto, Ont., Canada

**INTERNATIONAL Derrick & Equipment Co.,**  
Beaumont & Dallas, Texas; Torrance, Calif.;  
Columbus, Marietta & Delaware, Ohio

**KOBE, Inc.**  
Huntington Park, Calif.

**PACIFIC Pumps, Inc.**  
Huntington Park, Calif.

**PAYNE Furnace Co.**  
Beverly Hills, Calif.

**ROOTS-CONNERSVILLE Blower Corp.**  
Connorsville, Ind.

**SECURITY Engineering Co., Inc.**  
Whittier, Calif.

**STACEY BROS. Gas Construction Company**  
Cincinnati, Ohio  
Stacey-Dresser Engineering Division  
Cleveland, Ohio

**THE ONLY COMPANY DOING AN OVER-ALL JOB—**

*From well to refinery*

*for the Oil Industry—*

*From source to home appliance*

*for the Gas Industry*

# DRESSER

**INDUSTRIES, INC.**

TERMINAL TOWER • CLEVELAND 13, OHIO

# Industries Served by **TAFT-PEIRCE:**

No. 10: THE AIRCRAFT INDUSTRY



*Lift up your eyes...*  
**AGAIN!**

Today, strange new silhouettes streak across the sky at speeds which strain the eye. American airpower is on the wing again.

And as it always has been—since the days of Loughheed, Lindbergh, and Byrd—the Taft-Peirce Contract Manufacturing Division is a fully alerted “ground force” for the aviation industry, up to the minute in know-how and equipment.

Manufacturers of aircraft, engines, or any component from hydraulic control valves to micro-precision engine parts, will find that T-P engineers talk their language straight through from blueprint, to toolroom, to production line. And whatever *you* need—from a single tool or part to complete mechanisms in continuous quantities—you can get it on schedule from this unique organization in its modern, flexible plant. Get the full picture from the famous illustrated book: “Take It To Taft-Peirce.” Write to The Taft-Peirce Mfg. Co., Woonsocket, R. I.



For Engineering, Tooling, Contract Manufacturing—

**TAKE IT TO TAFT-PEIRCE**



tographic plastic duplicating plates. These can be sensitized by merely wiping the surface with a cotton daub that has been soaked in a special fluid. Negatives are placed in the machine in a frame, pressure is automatically applied, and the image is burned into the plastic plates. The plates are then dried by a heater in the bottom of the machine. The processing complete, half-tones or line cuts can be printed from the plate on a Davidson or Multilith office offset press.

The Plastiphoter measures about 15 in. wide, 23 in. long, 3 ft. high. Rand's Duplicator Supplies Division, Bridgeport 1, Conn., manufactures it.

• Availability: immediate.

## P. S.

Plastic kit has all the basic items you'll need to make plastic gadgets in the kitchen or home workshop. The molding material is Kelon, a thermosetting resin. Finished pieces can be either clear or colored. Pittsburgh Fabric Products Co., 4756 Penn Ave., Pittsburgh 6, markets the package.

Nylon flyer block—part of the flyer used in textile machines to guide yarn and keep it under tension—will work at speeds up to 15,000 r.p.m. without lubrication. Conventional flyer blocks have to be oiled. When they whirl at high speeds they sometimes tend to splatter lubricant on the yarn. M. J. McHale Co., Scranton, Pa., manufactures the new part.

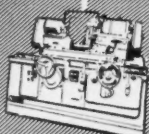
Battery vent cap for automobile batteries is transparent, designed so that the words “add water” show when the fluid level gets too low. B. F. Goodrich Co., Akron, Ohio, developed it.

New line of rubber-mounted a.c. motors has been announced by Kingston-Conley Electric Co., N. Plainfield, N. J. The company, a subsidiary of the Hoover Co., makes the motors in ratings up to ½ hp., 1725 and 3450 r.p.m. Both single phase and polyphase models can be had.

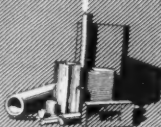




GRINDING WHEELS



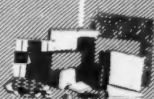
GRINDING MACHINES



REFRACTORIES



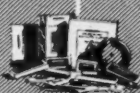
NORBIDE



NON-SLIP FLOORS



LABELING MACHINES



ABRASIVE PAPER  
AND CLOTH...  
SHARPENING STONES



## EVEN YOUR GOLF DEPENDS ON ABRASIVES...

**P**RECISION in your golf game demands precision in your clubs. And Norton abrasives help make that precision. The forgings for your "irons" are rough ground as illustrated and then the club faces are precision finished on disc grinders. The hosel for the shaft is centerless ground and then the whole club head receives several polishing operations with succeeding finer sizes of ALUNDUM abrasive. And in the sanding operations on your "woods" the products of the Norton Behr-Manning Division are widely used.



Yes, abrasives are important to you for they had a part in producing about every product you use — from the alarm clock that wakes you in the morning to the refrigerator that furnishes your midnight snack. And wherever abrasives are used you'll find Norton — for Norton is the world's largest producer of abrasives and grinding wheels.

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**NORTON COMPANY • WORCESTER 6, MASS.**

(Behr-Manning, Troy, N. Y. is a Norton Division)

# HOW MUCH POWER

THAT YOU  
PAY FOR  
HERE . .

CENTRAL UNIT

AIR PRESSURE DROP

EVER  
REACHES  
HERE?

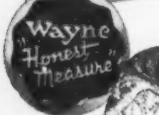
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**ELIMINATE LOSSES** in pressure and volume due to friction and leaks in long compressed air lines by departmentalizing air compressors in your plant with Wayne "Packaged Units of Power" installed at the point of use. Then you have all the air you need where you need it, at lowest cost. Write today for booklet.

**THE WAYNE PUMP COMPANY**  
FORT WAYNE 4, INDIANA



## WAYNE AIR COMPRESSORS

GASOLINE PUMPS • CAR WASHERS • AIR SCALES • REELS • LIFTS

## READERS REPORT:

### Singer's Partner

Sirs:

Your excellent story on Singer Mfg. Co. [BW—Aug. 14 '48, p. 75] says at one point: "In 1863 Singer's partnership with Clark was merged into Singer Mfg. Co. . . ." Who was Clark, who was not previously mentioned in the article?

W. RUSSELL STUDENMUND

PHILADELPHIA, PA.

• Edward Clark was Isaac Singer's defense attorney in the patent suit brought in 1853 by Elias Howe against Singer. Howe won.

### Ion-Exchange Industries

Sirs:

I was very much interested in your article, "Many Uses for Ion Exchange" [BW—Jul. 31 '48, p. 32].

The recent developments of ion exchange and colloidal suspension offer at last a practical solution to the removal or to the rendering inhibitive of minerals in solution. As this theory pertains to the treatment of boiler feed water for the prevention of corrosion, scale, and pitting, it has been most highly developed by the Non Chemical Liquid Conditioner, Inc., of Barnesville, Ohio.

This company has perfected a unit involving these principles and have found the most practical, economic, and efficient medium to be silica beads. They have proven in over ten years of many and varied operations to be outstandingly successful in this field. . . .

T. B. SEMANS

SEMANS & CO.,  
PHILADELPHIA, PA.

Sirs:

Your article gives an excellent boost to a process that has been too little publicized before. Your simplified explanation of ion exchange and its tremendous possibilities should invite even non-technically minded executives to consider where its use might be advantageous in their plants.

In the interest of presenting a complete picture of ion exchange manufacturing and distribution facilities, I should like to point out that National Aluminate Corp. is one of the largest producers and distributors of ion exchange materials. In addition to having the largest indoor zeolite manufacturing plant, Nalco distributes and services the entire output of ion exchangers produced by Dow Chemical Co. These products are known as Nalcite MX and Nalcite HCR. . . .

Copies of "Nalco Ion Exchange Ma-



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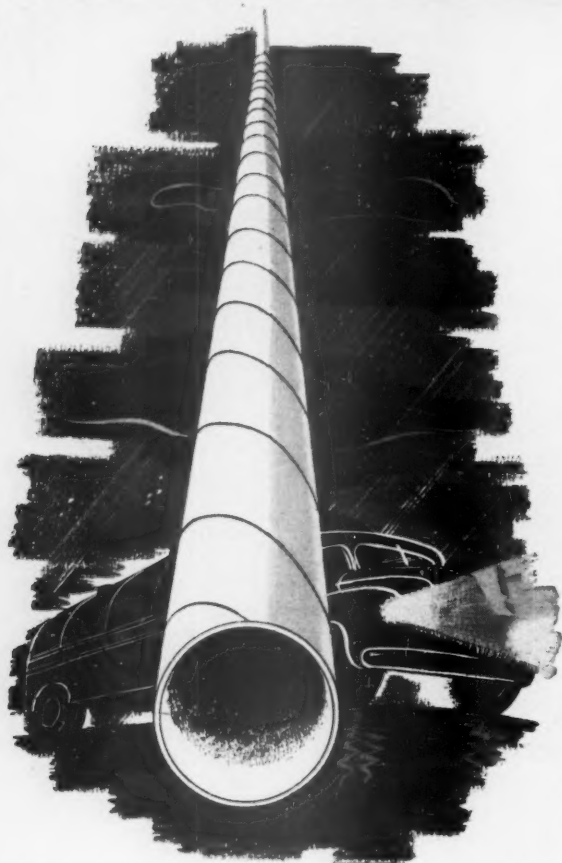


**10 Years or more in BW** ( *Machinery & Industrial  
Lubrication Classification\** )

Acme Steel Co.	New Departure (Div. General Motors)
Century Electric Co.	Radio Corporation of America
Chambersburg Engineering Co.	Robbins and Myers, Inc.
Cutler-Hammer, Inc.	S.K.F. Industries, Inc.
Edison, Thomas A., Inc.	Socony-Vacuum Oil Co., Inc.
Goodyear Tire & Rubber Co., Inc.	Texas Co.
Goodrich, B. F., Co.	Twin Disc Clutch Co.
Gulf Oil Co.	Warner & Swasey Co.
International Harvester Co.	Westinghouse Electric Corp.

\*Based on Publishers' Information Bureau analysis.






"We've been watching engineers laying pipe lines along the river bed. Pipe lines are really *life lines*, aren't they? This pipe was coated with NO-OX-ID Rust Preventive to seal out moisture, then wrapped with chemically treated NO-OX-IDized Wrapper to ward off abrasion. Surely pipe with that kind of overcoat is down to stay. It'll deliver our oil and gas without interruption, or leakage."

....*The Traveler*

**MEMO:** If you are laying new pipe lines, or if existing lines need attention, consult Dearborn Engineers. They've protected thousands of miles of pipe with NO-OX-ID under all conditions, throughout the country.

**Dearborn**  
TRADE MARK REGISTERED

...the  **leader** IN RUST PREVENTIVES  
AND BOILER WATER  
TREATMENT

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supply  
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more  
dependable  
by  
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discovery  
of  
how  
to  
protect  
pipe  
lines  
from  
failure  
due to  
corrosion*

terials" are available upon request to National Aluminate Corp., 6216 West 66th Place, Chicago 38.

H. A. KERN

PRESIDENT,  
NATIONAL ALUMINATE CORP.,  
CHICAGO, ILL.

## Rheem Dividend Is \$1.60

Sirs:

Your organization did an excellent job of reporting the Rheem Mfg. Co. [BW—Jul.31'48,p58]. Unfortunately an error occurred in the 1948 dividend rate. Your article showed it as \$2.00. Our current rate is \$1.60 a share.

Orchids to Business Week for a fine job.

HENRY C. L. JOHNSON

RHEEM MFG. CO.,  
NEW YORK, N. Y.

## Thanks from Brownsville

Sirs:

Thanks so much for your very fine article on the city of Brownsville [BW—Jul.31'48,p28]. We would like very much to reprint this. . . .

If I were to make any correction on a very fine article I would mention the fact that the postal inspectors as of last February determined that Brownsville had a postal population of 37,000 people [Business Week reported the population as 35,000]. Its present population, Chamber of Commerce estimate, is between 42,000 and 44,000. However, the article was so fine that I am happy the way it is.

J. E. CRONENWETT

RIO GRANDE VALLEY GROUP,  
HARLINGEN, TEX.

## Labor, Management Blamed

Sirs:

In my opinion, labor and management are equally guilty in promoting the dilution of our money. Since our money is irredeemable in gold, people tend to convert it into other commodities, thus pushing prices up. There seems to be a tacit conspiracy between them to keep goods relatively scarce, while excessive money supply is maintained and supplemented by further credit expansion.

Specifically, automobile manufacturers, in spite of oil shortages, built heavier, higher powered cars using more gasoline. They upgraded their former low-priced cars and decorated them with chrome gingerbread, without functional value. They then brought out "streamlined" models with no running board to protect against sideswipe. And they jacked up prices again. (Incidentally, higher dollar values are reflected in higher costs for liability and physical

Do you have a V.P.  
in charge of losing money?

Not by that title, of course. But is it possible that someone who thinks he's *saving* money for you may actually be *losing* it for you?

Someone, for example, who fails to see that *modern* machines and methods are just as important—and just as profitable—in the office as they are in the plant? Someone who doesn't realize that obsolete equipment and procedures are at the bottom of excessive overtime costs, delayed reports and statistics, and rising office expenses in general? Some-

one who thinks "temporary" help is a *permanent* solution to your problems?

Now's the time to recognize that you can make *important* and *lasting* reductions in figuring and accounting costs only by bringing your office up to your plant in mechanized efficiency.

Your Burroughs representative is at your service. Call him today. Burroughs Adding Machine Company, Detroit 32, Michigan.

WHEREVER THERE'S BUSINESS THERE'S

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THE MARK OF SUPERIORITY  
IN MODERN BUSINESS MACHINES





## An RCA Sound System

**puts your voice in hundreds  
of places—INSTANTLY!**

**A**T selected locations or in every part of your factory, office or warehouse . . . in the same building . . . in areas a mile apart—you can talk to one man or to all your employees.

Voice-paging over an RCA Sound System saves time. The man you want is found as fast as you call his name. An RCA Sound System makes possible plant-wide broadcasts of administrative talks or announcements . . . promotes safety, saves money in times of emergency. You can't beat an RCA Sound System for commanding attention—and getting it fast.

**RCA Work Music** makes working

conditions more enjoyable. It relieves the feeling of boredom, restlessness and fatigue. Some organizations have records of increased productivity as much as 6 to 14 per cent with RCA sound and music.

**What kind of sound system is best for you?** There is no ready-made system that perfectly suits the noise level, type of buildings and needs of all factory and office layouts. RCA sound engineers will be glad to make a survey of your requirements. They will map out a sound system program to fit the individual needs of your organization. No obligation, of course.

**RCA Plans and Engineers Sound Systems for . . . FACTORIES • OFFICES • SCHOOLS • CHURCHES • HOTELS • HOSPITALS • STORES • WAREHOUSES • TRANSPORTATION TERMINALS—any place where people congregate**

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RADIO CORPORATION of AMERICA  
ENGINEERING PRODUCTS DEPARTMENT, CAMDEN, N. J.**

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damage insurance, so again the public holds the bag.)

When demand slackens, manufacturers tend to reduce production, rather than cut prices. Union leaders would rather see their members on unemployment insurance or welfare than take cuts in hourly rates. Sometimes they compromise on short time.

But under present conditions of real and artificial shortages of labor, manufacturers seem willing to grant any wage raises they can pass on to the sucker public. Their shadow boxing makes them and their union friends a lot of free publicity.

GEORGE M. ZIMMERMAN  
ZIMMERMAN INSURANCE AGENCY,  
DETROIT, MICH.

### Independent Tennessee Gas

Sirs:

In your story about Tennessee Gas Transmission Co. of Houston [BW—Aug. 7'48, p26] there was one small sin of omission which may have left a misconception. You mentioned the marriage of Tennessee Gas and The Chicago Corp., but all mention of the divorce was left out. Due to the possibility of coming under the Federal Power Commission's jurisdiction and consequent limit on profits, The Chicago Corp. was forced to divest itself of all interest in Tennessee Gas three years ago. Tennessee's president, Gardiner Symonds, previously had resigned from The Chicago Corp. to devote his time to the new company.

Tennessee Gas is now an independent corporation with over 7,000 stockholders.

BROWN BOOTH  
TENNESSEE GAS TRANSMISSION CO.,  
HOUSTON, TEX.

• We should have recalled that we chronicled the divorce three years ago (BW—Sep. 15'45, p21).

### Another Fluorescent Lamp

Sirs:

I note that Stanley Sonner, president of Lamplighter Corp. of America, calls your attention [BW—Aug. 7'48, p61] to the error in your statement "British Inventiveness has come up with a fluorescent hand-lamp" [BW—Apr. 17'48, p127], wherein he goes on to state that his company has been making and marketing a similar lamp for two years.

I might add that Paramount Industries, Inc., 111 Broadway, New York 6, N. Y., has been doing the same thing, as I have owned one of their lamps for about two years. They call it "Tote-Lite."

HARRY E. CARPER  
UVALDE, TEX.



**Does the form of group insurance you buy make a difference  
in the success of your plan?**



Certainly, different organizations have different insurance needs just as people do. Obviously, results are better when you pick the plan that fits the needs . . .

**How can you select the right plan for your organization?**

Check your own ideas with an experienced group insurance man. Connecticut General has been writing group insurance for 35 of its 83 years in business . . . It was one of the first insurance companies to enter this field.

**How does Connecticut General approach your problem?**

A careful analysis of the basic employer-employee relations problem serves as a sound background for the recommendation of the program that can best do the job.

**If you choose the right plan do you need to go further?**

Connecticut General never assumes that the correct plan for today will necessarily be equally good next year . . . and group plans are periodically reviewed to meet new conditions.



**THE PROTECTED PAY ENVELOPE PLAN**

For careful, competent, individual study of your situation, investigate Connecticut General's Protected Pay Envelope Plan. It is equally applicable to the needs of large or small organizations. It provides all forms of group protection: life, accident and sickness, hospital, surgical and medical expense insurance and pension plans, singly or in combination.

**CONNECTICUT GENERAL**  
LIFE INSURANCE COMPANY  
HARTFORD, CONNECTICUT

LIFE, ACCIDENT, HEALTH and  
GROUP INSURANCE and ANNUITIES

# MARKETING

## Duraglas Lab Boosts Container Sales By



**1** THROUGH THESE GLASS DOORS pass manufacturers with packaging problems. Once inside Owens-Illinois' new Duraglas Center, the man with the problem will visit . . .



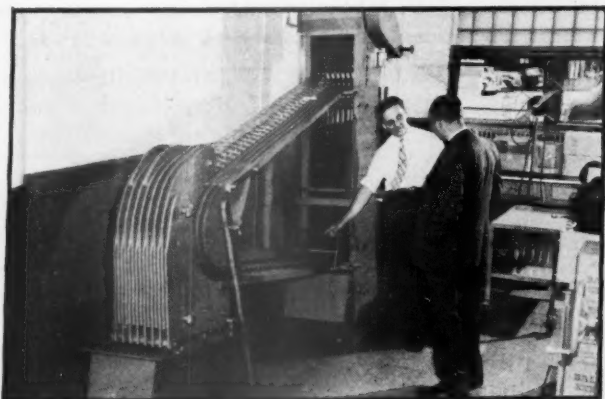
**2** THE BOTTLE LIBRARY, where he will find how thousands of other manufacturers did it. The design section will draw up plans for the new container. Next, he'll need a . . .



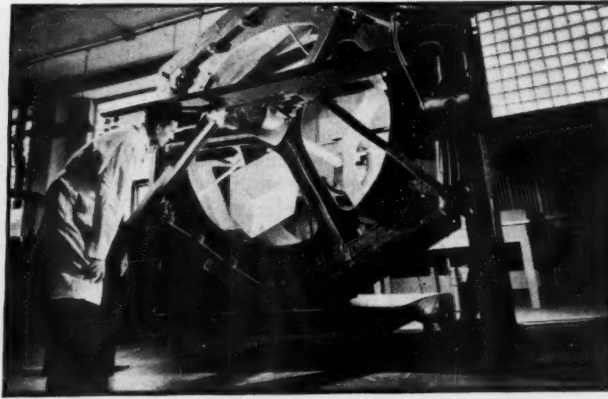
**3** LABEL DESIGN. He gets this from another department, which works along with the bottle design section. While Owens-Illinois artists dream up an eye-catching label . . .



**4** A DUMMY CONTAINER is made of wood or plastic. By now, the manufacturer's problem is nearly solved. To make sure that the finished container can take it, it goes to the . . .



**5** LINE-ABUSE MACHINE, where actual packing-line stresses are duplicated. If the bottles pass this—and other—tests, they are filled, packed in shipping cartons, and put in the . . .



**6** ROTARY TORTURE CHAMBER. Here the package is tumbled and tossed as it might be in shipping. If nothing breaks, Owens-Illinois engineers—and the customer—are satisfied

## Market Service

New Owens-Illinois center helps manufacturers sell their products in glass as battle of can vs. bottle container rages.

It takes quick footwork to keep off the ropes in the fight for the container market. Recently, makers of glass and tin containers have been slugging it out toe to toe (BW—Jun. 5 '48, p. 72).

War restrictions on the use of tin give the glass people a big advantage; in 1946, glass container shipments reached a peak. Since then the glass makers have taken some punishing jabs from the can manufacturers. Glass bottle shipments dropped as the can makers went after their old markets—and some new ones.

• **Counterattack**—This week, however, Owens-Illinois Glass Co. struck back. The company, largest U. S. glass container maker, opened its new Duraglas Center in Toledo, Ohio. Owens-Illinois thinks the center will prove a winner in building up O.-I.'s share of the container market. Its big drawing card: Prospective customers may use the center's research and market-development facilities.

• **Everything but the Product**—The Duraglas Center offers a complete marketing information service. All the customer needs to have is the product to be packaged. Once supplied with the product, the center will:

**DESIGN** a bottle, label, and closure (bottle cap);

**TEST THE MARKET APPEAL** of the bottle, the product name, even the taste or effectiveness of the product itself;

**DETERMINE THE SHIPPING BOX** that will be the sturdiest and most economical for the new bottles;

**EXAMINE BOTTLING EQUIPMENT** of the customer's plant to see if improvements are needed, design new equipment if necessary;

**PLAN ADVERTISING**, publicity, and merchandising campaigns for the customer.

All of these services are free except the market research studies; these are provided at actual cost.

• **The Case of Bitter Beet Co.**—To see what the new center can do for a customer, imagine for a moment that you are the president of the mythical Bitter Beet Co., of Rural Corners, Wis. Bitter Beets were a hot item on grocers' shelves

## CHOOSE THE TAPE THAT FITS YOUR JOB

Whatever you make or do, chances are there's a Bauer & Black Industrial Adhesive Tape that can save you money. Each is designed to do a particular job better, quicker, cleaner, cheaper. Look them over . . . see how they can help you!



**214** Waterproof, weatherproof — excellent vapor seal for packaging, seam-sealing.



**127** Anti-squeak, thick, abrasion-resistant. For sound-deadening uses.



**101** Solvent-resistant. For paint masking. Often re-usable.



**151** Non-corrosive. For binding, holding, electrical uses.



**158** Non-staining. Pulls off clean! For enameled-finish appliance packaging.



**800** Polyken tape in several colors. Moistureproof seal, high dielectric strength.



**133** Strong, tough tape for tying, bundling, holding, protection.



**263** Vulcanizable Fiberglas\* tape. Resists heat and deterioration.



**281** Double-faced Fiberglas\* tape (adhesive on 2 sides). With No. 263, makes revolutionary new flexible duct connector for heating, piping and air conditioning.

### We HAVE your tape or we'll MAKE it!

OUR FREE CATALOG will show you more Bauer & Black "Specific Tapes for Specific Uses." If the one YOU need isn't shown, write for the catalog. If we don't have your tape now we'll make it, if necessary and to our mutual advantage. Write Dept. 7-9 today.

\*Fiberglas (Reg. U. S. Pat. Off. by Owens-Corning Fiberglas Corp.)

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Division of The Kendall Company, 2500 S. Dearborn St., Chicago 16

## Industrial Adhesive Tape

PRESSURE SENSITIVE

Production Short Cuts to Reduce Costs • Research to Speed and Improve Methods





## HOME RUNS WITH A FRYING PAN!

**W**ithout the right equipment you can't get to first base . . . either in baseball or in business. Plants that handle materials with "frying pan" equipment are indulging in an expensive luxury, whether they realize it or not.

Plant studies show time after time that a properly designed Overhead Traveling Crane is the cheapest way to handle heavy, bulky materials quickly and efficiently without disturbing workers on the floor. It requires no aisle space, and no floor maintenance.

Let Whiting's experienced crane engineers make a study of your materials-handling needs and recommend a Whiting Crane engineered to your individual plant conditions.

**WHITING CORPORATION**  
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### IMPORTANT

Whiting has acquired the patents, manufacturing, and sales rights to Spencer & Morris Tramrail Systems. These, combined with Whiting Hoists, Light Cranes, and Heavy Cranes, enable Whiting to supply a complete, fully integrated overhead materials-handling system.

BUILDERS OF QUALITY CRANES

FOR OVER 60 YEARS

Dependable · Quiet-Running · Durable

**WHITING** Overhead **CRANES**  
Traveling

a generation ago; now they are in a sales slump. An Owens-Illinois salesman with a yearning to package Bitter Beets in glass persuades you to take your problem to the Duraglas Center.

The first step may be to do some market research. Owens-Illinois operates an organization known as the Home Makers Guild of America. This is a panel of some 4,200 families, picked by scientific sampling methods to form an opinion poll on marketing problems. The members don't know Owens-Illinois has any part in the guild.

• **Opinion Research**—Samples of Bitter Beets go to members of this group, along with a lot of questions. When the results are tabulated, you may find out many things you never knew about beets.

You may find, for example, that consumers don't like the name of your product. They may prefer Better Beets, or Best Beets, or Sweet Beets. Some of the housewives may never have seen your product on grocery store shelves—the result, maybe, of poor labeling. Still other consumers may not like the color of the beets after the container is opened.

• **Testing**—The survey nails down the problems pretty closely. Then the Owens-Illinois specialists go to work. In the center's laboratories, food chemists will determine what gives the beets their color, and the reaction, if any, of the product with metals. Their laboratory findings may settle the problem of color or taste when the beets get to the dinner table.

Next, you will probably take a trip through the center's bottle library. There you will find thousands of bottles, from tiny medicine containers to big gallon jugs. With the aid of O.-I. design experts, you will choose a few bottle types that may come close to what you want.

• **Designing**—The design department now gets busy. Duraglas artists know the bottle has a lot to do with sales appeal. They know, for instance, that food packages must have a clean fresh look. Liquor bottles, on the other hand, must appear dignified, authentic, even antique. And they know that the label must catch the eye—in the right way—to make the product attractive to the consumer.

Functional design is also important. A bottle must have the proper "hand-grip" for opening. Its contents must be easy to get at.

You'll need a cap, too. Owens-Illinois has a department, working with the bottle-design section, to handle closures. Caps have their own musts: They must prevent evaporation, mustn't react with the product, must be easy to get off. To get just the right closure, the company conducts continual control tests of wax, pitch, asphalt, and other cap-

liner materials. Plastic caps must be tested for free phenol content, which can affect taste, odor, and color of the packaged product.

• **Mockup**—Once you've decided on the container design, the center makes a life-size model of the finished product in wood or plastic. You, as president of Bitter Beets, get this model, plus a dummy label, a closure, and the reports from the chemists and the Home Makers Guild of America.

The chances are that your problems won't stop there. You may have to convert your present packing line to handle the new container. Here again, the Duraglas Center can give you a hand. Its packaging research department delves into your plant setup and equipment.

• **Equipment**—The installation engineering department lays out an efficient glass packaging line—one that fits into the layout and operation of your plant. If your plant isn't equipped for handling glass, O-I. engineers will choose the proper machinery for it; if the type of machine needed to handle your particular bottle and product isn't on the market, the engineering development group designs one to fit the need. And if your plant already uses glass packaging equipment, Owens-Illinois engineers will check it to cut down breakage to a minimum, make it operate at top efficiency.

• **Passing a Physical**—When the first new beet containers come off the O-I. production line, they go to the testing laboratory. Here they are tested for thermal shock, solid and liquid displacement, proper annealing, and other properties. The sample containers then get a workout on a "line-abuse" machine; this duplicates the wear and tear of an actual packing assembly line.

The shipping container for the filled bottles must have three qualities: (1) lightness—to save freight; (2) small size—for economic storage and shipping; (3) strength—to prevent breakage. Bottled beets are packed into the shipping container that seems to fill the bill. The packages are then thrown into a huge revolving drum. Baffles in the drum give the cartons more abuse than a long-shoreman with a hangover.

• **Promotion**—The center offers one more service: guidance in publicity and advertising. Owens-Illinois' staff of marketing men will give you ideas on how to sell beets after they have been packed in Duraglas.

• **Objective: Sales**—In the four-story, glass-and-brick laboratory, some 300 craftsmen, researchers, and specialists are working on all these phases of helping potential Owens-Illinois customers. The more successful the project, the more of the customers' goods will be sold. And that means more sales for Owens-Illinois containers.

## 4 common conditions where \***WOLMANIZED** PRESSURE TREATED **LUMBER** protects against **DECAY** and **TERMITES**



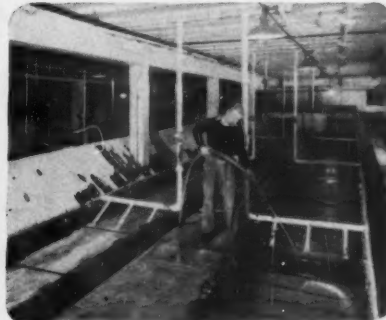
Wherever moisture is condensed in wood because of concrete or masonry contact, as with sills, sleepers, door and window bucks, wall plates and columns.



Where outdoor structures are exposed to ground moisture, rain and snow, such as stadium seats, boardwalks, loading piers, coal trestles, railroad structures.



When wood is used in or near the ground subject to attack by decay and termites, such as foundations, joists, fences, telephone poles and guard rails.



Where steam, vapor and dampness from industrial processes are prevalent, such as process moisture, refrigeration, air conditioning and humidification.

### LASTS FOR DECADES

Imagine the saving in maintenance which you could realize by using lumber which is protected against wood-decay and termites. "Wolmanized" pressure-treated lumber offers you just such protection—lasts from 3 to 5 times as long as ordinary wood.

Actual service records prove it. Best of all, the extra cost of this pressure-treated lumber is less than the cost of labor alone in replacing prematurely failing, untreated wood.

Wolmanized lumber is pressure-treated with salts which kill decay fungi and termites. Clean, odorless, paintable and non-corrosive to metals. For lower maintenance costs — sounder buildings — use Wolmanized lumber in your building program.

Learn more about this money saving pressure-treated lumber

Get all the facts and figures on how Wolmanized pressure treated lumber resists decay and termites.

Write today for this new booklet.



\*Registered Trade Mark

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## How much do you know about Asbestos?

The first corrugated sheathing made of Asbestos-Cement was produced by K&M in 1905...giving Industry a much-needed fire-resisting and rust-proof building material that would never need maintenance.



A 40-car trainload of K&M Asbestos Corrugated was needed to sheathe the sidewalls of this huge hangar at Lakehurst, N.J. Through 28 years of corrosive seacoast atmosphere the siding has never needed maintenance, or repair.

Originally designed for soot-and-grime industrial service, K&M Asbestos Corrugated is now being specified for interior decorating...in theatres, restaurants, stores, even homes!



It isn't too surprising... this strange "double life" being led by "Century" Asbestos Corrugated. Not when you realize that its rugged simplicity and neutral gray color give it an attractive appearance that blends with almost any decorative scheme. Plus the fact that it *can't* burn, *can't* rust, *can't* rot... and *never* needs to be painted for protective reasons.

Economical to install, too... especially on roofing jobs over steel purlin construction, thanks to the new "TOP-SIDE" fasteners exclusive with "Century" Asbestos Corrugated. The drawing above shows how the fastener is inserted through a drilled hole in the sheet, then hooked to the purlin—the whole job being done from the roof surface. No expensive scaffolding needed! Write us for full facts.

Nature made Asbestos...  
Keasbey & Mattison has made it serve  
mankind since 1873



**KEASBEY & MATTISON  
COMPANY • AMBLER • PENNSYLVANIA**

## Obsoleting Furs

Fur-coat dealers have new selling point in fact that old coats look out of date. But resistance to high prices cuts sales.

Retailers finished their first month of drum-beating for fur-coat sales this week with mixed emotions. On the plus side of the ledger was a selling point long enjoyed by other businesses but relatively new to furs: obsolescence.

• **Fashion Is Queen**—Thanks to the fashions connoted by that threadbare phrase—the New Look—women's old coats are likely to appear ridiculously short and skimpy. To retailers, that could mean more coat sales.

There's a catch, though, on the minus side of the ledger: Longer, fuller coats require more skins. More skins mean higher prices. So retailers' enthusiasm for the long coat has been dampened because of the substantial price resistance shown by early shoppers.

• **Sales Drop**—In the New York garment district, coat makers estimate that fur sales at retail this August were off as much as 35% (in dollars) from last August. Department and specialty store buyers report that customers are shopping around more; that when they finally do buy, it's likely to be a \$250 number instead of the \$500 model that sold with little trouble last year.

Retail inventories of furs are off, too. Estimates of the amount vary from 10% to 30%. Buyers are unwilling to stock up with the new coats unless there's some indication that they're going to move.

• **Something New**—Obsolescence is a relatively new factor in furs. Whether the trend is transient or not remains to be seen. At any rate, obsolescence is being tried as a sales builder.

Years ago, a woman's fur coat was as straight and unadorned as a man's overcoat. Since its fashion element was practically nil, it went out of style slowly, if at all. Refurbished occasionally at worn spots, it might easily last a decade. Even as late as 1938, when variations in collars, cuffs, and shoulders were being emphasized, the general silhouette was as flat-straight as ever.

• **Radical Change**—Last year, fur coat lengths swept downward to match the new long skirts, sleeves billowed, and backs reached huge proportions. Women came to look and laugh, but returned to buy.

This year the change from 1947 is less drastic, but the new fashion is more deeply entrenched. The customer who didn't buy a new coat last year won't want to be seen at this season's dog fight in her old short one. Women who are



ultra-fashion-conscious will find even their 1947 models somewhat dated.

• **All Brackets**—The obsolescence factor runs the gamut of price ranges. The stenographer who buys a \$119 mouton—if she can scrape that much money together over her cost of living—wants to look as up to date as her sister under the mink.

Last year about 95% of fur coats sold were 44 to 45 inches long, with a few extra-long models at 47 or 48 inches. This year the 47-48-inch length is the general rule. Even the always popular three-quarter coats are longer—about 40 inches instead of last year's 36. The general effect this year is less bulky than a year ago, due largely to a more natural shoulder line. But coats require just as many skins: Four- and five-ripple backs are more important than ever; sleeves may taper at the wrist, but they're ample at the elbow; collars are whoppers.

• **Effect on Price**—Such furbelows inevitably raise the ante on price tags. For example, when you add a cape collar to a Persian lamb coat, the price jumps about 10%. Generally speaking, prices this year range 10% to 30% more than last year. (And higher prices hike the 20% federal excise tax.)

Most of this is due to style changes,



## Buying Coats Alive

In the mountains west of Denver, Mt. Evans Furs, Inc., is providing the answer to the question: "How exclusive can you get?" The company's twist is to permit milady to select her new fur coat while the animal is still wearing it. After she has picked—from living samples—the exact color or pattern of fox or mink she prefers, the fur farmers skin the sample and a few of his close relatives, ship the pelts to New York for tanning. Then the furs come back to Denver, and Stanley Furs, Inc., makes the coat or wrap to order.

# homework for industry



**T**HE BOY who pickles his prize bugs in formaldehyde is learning a lot about industry. For years formaldehyde has been used to control corrosion in the pickling of metals. Recently it has been discovered that this chemical preservative stops sulphide corrosion when injected into oil-well casings and pipe lines thousands of feet underground.\* Thus, at a time when oil is vitally needed, formaldehyde helps keep America's wells on

the job with fewer interruptions for replacement and repair.

Pickling bugs and preserving oil wells are only two of the many uses of formaldehyde. A basic ingredient of plastics and plywood, deodorants and disinfectants, formaldehyde is widely used in industry.

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\*Process patented by Stanolind Oil and Gas Company.



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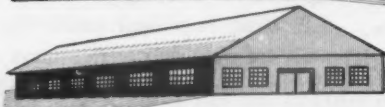
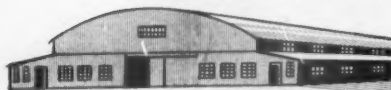
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since the cost of raw skins has not risen appreciably—although muskrat, Persian lamb, mink, beaver, and seal have advanced some.

• **Exception**—One bargain may console the businessman who, with hang-dog wallet, trails his wife to the furrier's—and the businessman who sells furs: Silverblu mink is coming down. This is a mutation introduced a few years ago. The price is dropping because more animals of this color are being raised. Two years ago, for example, a waist-length Silverblu mink cape cost about \$3,500. This year you can buy it for a mere \$2,700.

## Auto Union Co-ops Join National Groups

To protest rising prices after the war, many unions embraced the cooperative movement as they never had before (BW—Oct. 11 '47, p. 24). Some went into the cooperative business themselves. One of these was the United Auto Workers (C.I.O.). It started out by setting up hastily organized volunteer "stores," most of which operated on a part-time basis in union halls during off hours.

• **Change**—At first the U.A.W. drive was a huge success. More than 100 U.A.W. locals sold food and household goods on a nonprofit basis; sales reportedly hit a high of \$200,000 weekly. But the basis was shaky and the method slipshod and unbusinesslike. Once the novelty wore off, business dropped considerably. So at the present time only about 30 locals are still operating such part-time businesses.

But last week it was clear that a new U.A.W. approach to its co-ops was paying off. The U.A.W. has been working with national cooperative groups to get its cooperatives on a firmer footing (BW—May 1 '48, p. 78). Big aim of the plan is to set up full-time co-op shops similar to supermarkets.

• **Seven Operating**—It already has seven of these big permanent stores functioning. One of them is in Bridgeport, Conn., the rest in Detroit, Flint, Pontiac, Hamtramck, Lansing, and Muskegon, all in Michigan. They sell canned goods, fruit and vegetables, tires, work clothes, and items like radios and lighters.

Fresh meat isn't stocked yet, but will be as soon as problems of refrigeration and supply are solved.

• **Shares**—U.A.W. starts its co-ops by selling shares at \$20 apiece. Up to 3,000 shares may be sold for each store. As soon as one is fully organized and financed, it becomes a community project, joins the area's cooperative council. Ultimately, U.A.W. aims to see its co-ops reach department-store proportions.

## Brand Makers Win

California court rules that branded war surplus items are subject to fair-trade law, must not be cut-rated.

Ever since end of the war, makers of branded goods have been bothered by a problem: What would happen to retail prices when the government let loose on the market huge surpluses of their branded products? Manufacturers knew that such unloading would put them on a spot; for the prices of the surplus goods would surely undercut fair-trade minimums.

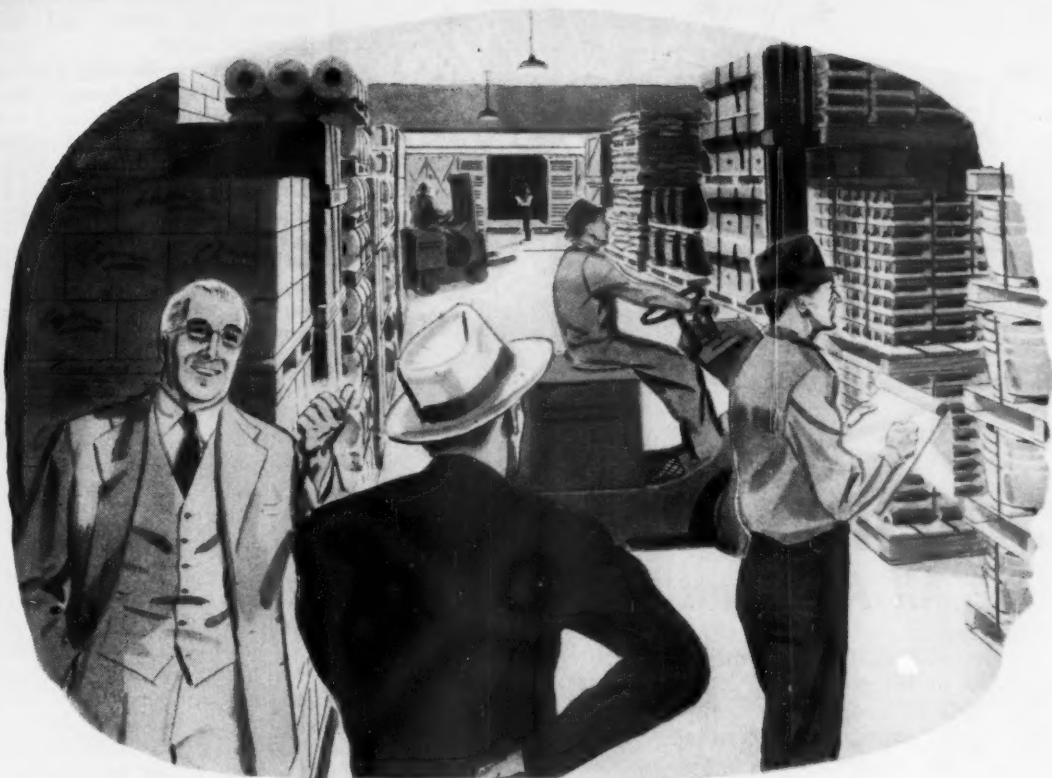
• **Question Answered**—Last week, in San Francisco, Judge Thomas M. Foley of the California Superior Court answered that question—as far as California is concerned. He ruled that the state's fair-trade law apply to the sale of branded products even when they were bought for resale from War Assets Administration. His decision may set an important precedent for other fair-trade states.

Foley said that "the rights afforded by the statute relate not so much to the sales of the commodity per se as to the goodwill symbolized by trade mark, brands, and names." He backed his de-



## Hot Weather Payoff

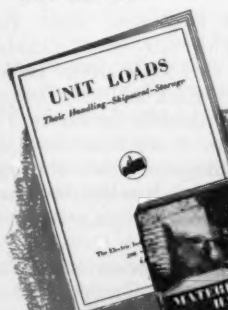
Room rent was on the house at Miami's Hotel Patricia recently. As a promotional come-on, the hotel offers its guests free rent, sightseeing tickets, and theater passes every time the temperature climbs above 90 F. When the mercury hit 90.1 F, hotel manager Peter Niles (left) started refunding rent—but not before a reporter-photographer arrived on the scene.



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**TRIFLING MAINTENANCE COSTS**—Batteries have no moving parts. A long record of sales of parts by battery manufacturers shows, on the average, a value of about 85 cents per year for each battery in service. Preventive maintenance takes but a few minutes weekly.

These facts—plus the characteristic ruggedness, dependability and safety of battery-driven units—help explain why over 90% of the electric trucks sold in the past twenty years are still in constant service.

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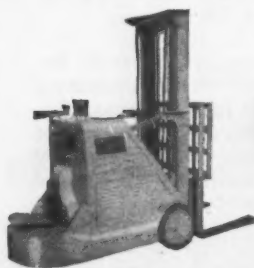
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cision by earlier fair-trade rulings of California high courts and the U. S. Supreme Court.

• **Sterling vs. Retailer**—Sterling Drug, Inc., of New York brought this particular headache to a head, in a suit against Benatar's Cut Rate Stores, San Francisco. Sterling charged that Benatar sold Dr. Lyon's Tooth Powder at 29¢—a dime below the fair-trade price set by Sterling in California.

Benatar, which had bought the tooth powder from a dealer, based its defense on two points: (1) The tooth powder was advertised as surplus merchandise and offered in a closeout sale; and (2) the package differed from the regular Dr. Lyon's package.

The court held that differences in packaging didn't limit or change Sterling's rights under the fair-trade law. And it rejected the claim that the sale was a closeout. Its grounds: At the time of the "closeout," Benatar was selling at its regular price other Dr. Lyon's Tooth Powder that it had bought from regular sources.

The decision seems to be the first that specifically applies to war surplus sales of fair-traded merchandise which carries brand identifications. Now Sterling means to go after dealers in other states; it already has an action pending in the Newark, N. J., courts.

• **Far-Reaching**—There's no telling yet how widespread effects of the decision will be. Many distributors have bought up big blocks of surplus branded goods with the idea of selling them to retailers. If the California ruling is upheld and is applied in all fair-trade states, the practice of selling surplus branded products below their fair-trade prices will be out.

## Gamble-Skogmo Will Sell Crosley Cars

It's been a long time since Bert Gamble and Phil Skogmo of Gamble-Skogmo, Inc., sold automobiles (BW—Mar. 13'48, p. 70). Back in 1920, the pair operated an automobile agency in Fergus Falls, Minn. Since then, however, their Gamble-Skogmo stores (incorporated in 1925) have handled fur coats, spark plugs, toothbrushes, but not autos.

Last week the partners were back in the car business. Crosley Motors, Inc., franchised the Gamble-Skogmo store in Aberdeen, S. D., to handle its wares. Eventually, Gamble-Skogmo expects to sell Crosleys in some 80 outlets.

The major sales stress will be on pickup trucks, panel delivery trucks, and station wagons. Gamble-Skogmo feels that these small vehicles are "naturals for the mechanized farms of the plains states."

BUSINESS WEEK • Sept. 4, 1948

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State and Madison is the world's busiest shopping corner. A daily average of 450,000 customers throngs the sidewalks, aisles and escalators of the huge department stores of these nine dynamic blocks, accounting for 60 per cent of Chicago's department store sales,

which amounted to 326 million dollars in 1947. The remaining 40 per cent of the sales are made in 75 important community shopping centers which fan from State Street to the city limits and into the surrounding residential suburbs.

If a "better mousetrap" can be sold anywhere, it can be sold in Chicago. Within the immediate trading area are 5,314,000 persons. Seven million consumers within a 100-mile radius consider Chicago their market. There are ten million persons within 150 miles—sixty million within 500 miles—and untold thousands who annually vacation in the area to enjoy its many cultural and recreational features.

State Street is more than an expression of the vitality, wealth and aggressiveness of Chicago and Northern Illinois, even more than a thousand "test markets" in one. It is itself a tremendous and typical marketplace for goods from everywhere in America and the entire world.

*This is one of a series of advertisements on the industrial, agricultural, residential and cultural characteristics of Chicago and Northern Illinois*

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# FINANCE



AT ORLY AIRPORT, Paris, Trans Caribbean Airways inaugurates its freight-interchange agreement with Air France. Third from left, in white hat, is T.C.A. president O. Roy Chalk.

## Small Airlines Make Money

While most major carriers show bigger and bigger deficits, many independents are in the black. One reason: cut-rate passenger service, made possible by omitting frills. Trans Caribbean shines.

"The airlines are losing money" is a sentiment often heard these days. And there's no doubt about its truth—if it's the big domestic carriers that you're thinking of. Almost every major line (Eastern Airlines is the outstanding exception) lost money last year—and is losing more this year.

• **Overlooked**—But little press publicity is ever given to the operations of the small, independent carriers. Many of these run in the black right along—even though the dollar figures may look tiny compared with, say, TWA's \$5-million deficit for the first half of 1948.

Last week, for instance, Trans Caribbean Airways reported that it had earned \$66,500 in the first six months of 1948. That was almost \$5,500 more than its profits for all of 1947, its second full year of operation.

• **Lower Rates**—Competition from these small operators has contributed to the big lines' deficits. One reason: price cutting. The major carriers have long thought of flying (and still do, in most cases) as a de luxe form of transportation. They see themselves in competition with the railroads for Pullman passengers, with the shiplines for first-class travelers. They have never given much

thought to snagging the rails' coach riders, or the steamships' tourist-class groups.

But the small lines, started since V-J Day in most cases, soon found that they had to offer something new and more attractive if they were to stay alive. One of the things they hit on was low rates, which they were able to offer by eliminating many of the frills and furbelows which, up to then, had been taken for granted by air travelers.

The low-priced travel met with even more success than the small lines had anticipated. Not only did the "coach" passenger respond, but many former de-luxe passengers, too, were lured by the savings.

• **Puerto Rico Travel**—Trans Caribbean is a case in point. Almost since its founding in 1945, it has operated between New York and Puerto Rico. At first, its fares were the same as those charged by Pan American Airways (then \$180 one way).

But it soon noticed that Pan Am seemed much more interested in tourist travel from the United States than in the possibilities of business from Puerto Rican natives. Trans Caribbean, after looking into the situation carefully,

decided that this policy was a mistake—that mass transportation of Puerto Ricans between the island and the mainland offered tremendous potentialities.

• **Building Business**—So it went to work to encourage that business. First, it cut its rates sharply. Then it built up a native Puerto Rican ticket-selling organization by the simple expedient of offering sellers of its tickets a 15% commission. It soon had the island blanketed with its agents.

These efforts have paid off. Since the new setup really got under way, it has been a rare event for any Trans Caribbean plane to leave either New York or San Juan with less than a 97% passenger load—plus 2,000 lb. or so of cargo. (And, as any airline executive can tell you, it's empty seats that bite into profits.)

• **Answer**—Pan American is now doing something about this. Starting this month, it is offering a coach-style service to and from the island. The fare will match Trans Caribbean's present rate—\$75 one way. (But Pan Am will still offer its de luxe tourist service for the present \$138 fare.)

Trans Caribbean doesn't think this move will hurt it any. There are several reasons for its optimism:

(1) Pan Am hasn't the native ticket-selling organization that Trans Caribbean has built up.

(2) Pan Am is remodeling its DC-4's to carry 63 coach passengers; Trans Caribbean will continue to fly only the usual 50.

(3) Pan Am will serve no meals en route; Trans Caribbean always passes out a box lunch.

(4) Pan Am will carry only one steward, compared with the independent's two.

The last three factors, Trans Caribbean believes, will make its service the de luxe one in natives' minds from now on.

• **Other Irons**—Puerto Rico is by no means Trans Caribbean's only iron in the fire. Broadly speaking, the line offers three types of service: (1) as a nonscheduled passenger and freight carrier within the U. S.; (2) as a point-to-point international passenger, freight, and mail carrier; and (3) as a contract carrier, for either passengers or freight, either domestic or international.

As a domestic nonscheduled carrier, it is not limited, as are the big airlines, to specified routes and specified stops on those routes. It can fly anywhere, provided it does not do it on a regular schedule. Such operations have included flights to practically every part of the country, especially transcontinental flights.

• **Not Limited**—As a foreign point-to-point carrier, the line is not limited to irregular operation. Its service is sub-



ject only to the flight and traffic clearances of the governments involved. It has flown passengers and cargo to most countries in Europe and northern South America.

Today it holds a contract from the Italian government covering all air mail from Italy to South America, and a similar contract with Venezuela covering that country's air mail to Europe. It operates the only direct air service between Rome and Caracas. The trip, via the Azores and Bermuda, takes 30 hours, and the fare is only \$385 one way—less than it costs to make the same trip by steamer. This service has been so successful that, for some time, Trans Caribbean has been carrying more passengers out of Rome than any other airline serving that city.

• **Cargo Business**—Trans Caribbean has also become an important factor in the international cargo field. It now handles a large part of the Railway Express Agency's European shipments. This traffic is picked up in Bermuda from Colonial Airlines, and flown to Paris. There it is delivered to Air France, with whom Trans Caribbean recently signed an important traffic-interchange agreement (picture, page 84).

As a contract carrier, Trans Caribbean also occupies an important position. It has moved many seamen from Europe to the United States, both for the Maritime Commission and for independent ship operators. And some time back it got a War Department contract covering transatlantic shipment of the engineering supplies and personnel required by the aid-to-Greece program.

• **Comparatively Small**—Trans Caribbean is no giant, financially or physically. Its net worth, for example, was only \$330,000 at the end of 1947. It owns only six planes—four DC-4 four-engine passenger and cargo carriers and two C-46 twin-engine cargo planes. (One of the DC-4's was bought from the proceeds of the airline industry's first equipment-trust financing—(BW—May 29 '48, p88). There are only some 150 employees on its payroll, and half of that number are members of flight crews.

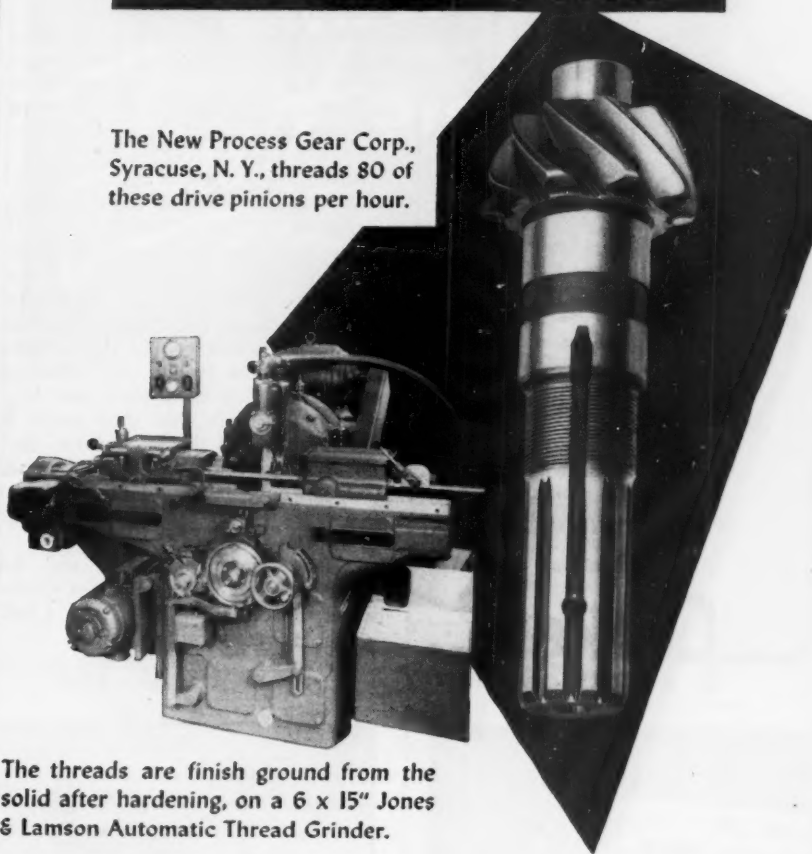
Besides holding wage expense down to a minimum, the line sees to it that its equipment is kept constantly at work. Planes are on the ground only between flights, or while being overhauled by the line's own mechanics. Whenever there is too much business to be handled by the line's own planes (which often happens), Trans Caribbean knows where it can lease more, which it staffs with its own crews.

• **Stripped Down**—President O. Roy Chalk plans to go right on with this plan. Idle workers and planes, as many big lines have learned to their sorrow recently, eat up the profits earned by

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those in use. And Chalk wants none of that. All operations have been stripped down to bare essentials, and they are going to stay that way.

That's not to say that the line neglects the safety or comfort of its passengers. Its planes must be in perfect condition before they are allowed off the ground. Its passengers travel in comfort, if not in luxury. For example, a steward and a stewardess are carried on each DC-4; free meals, bought from the same caterers that serve the big airlines, are served en route.

What Trans Caribbean has accomplished, in the simplest terms, is to do away with all of the costly frills that merely dress up operations. It maintains no flossy ticket offices or crews of attaches. It has only one girl, instead of half a dozen, to check passenger lists before a plane leaves—even though that may take a little longer. Its customers probably have to carry their own baggage around more than they would if they used one of the big airlines. But the passengers don't seem to mind. They are traveling at a cheaper rate, so they don't expect the frills that make for expensive service.

● **Founder**—President Chalk and his wife hold some 87% of Trans Caribbean's outstanding stock. And Chalk is very definitely top man.

Now in his early 40's, Chalk isn't an

ex-flyer like so many officials of small airlines. He started out as a lawyer handling a general practice. Engineering and construction always interested him, and he soon began specializing in real estate law. He began to dabble in the building field, too.

At the same time, Chalk's interest in engineering problems led him to develop several aviation devices in his spare moments. And when the war broke out he took a job with the Navy's Bureau of Aeronautics. Ever since, he has been air-minded.

● **Associates**—Surprisingly enough, none of his Navy buddies helped him organize Trans Caribbean. When he got the postwar itch to enter the airline business, he chose Army men for associates. His main helpers were Maj. Gen. Laurence J. Carr, commander of the night bombing command that did the job at Okinawa; Col. Allan Buchanan, the general's aide; and Sgt. Daniel Cole, who also served under Carr during the war.

Gen. Carr is no longer with Trans Caribbean. Col. Buchanan, however, is now chief of the line's ground and flying operations. And ex-Sgt. Cole, if he wanted to, could sing a higher-rank version of the old song, "I've Got My Captain Working for Me Now." He is secretary of Trans Caribbean, and second in command to Chalk.



## Chinese Trade Old Money for New

Bales of bills came piling in to Chinese banks for exchange last week when the Chiang government issued a new currency. No longer will Chinese shoppers have to carry their money in baskets. By presidential mandate, the new currency, called the gold yuan, replaces the old and almost

worthless Chinese dollar. Under the new system it takes 3,000,000 dollars in old notes in order to obtain one gold yuan. One gold yuan is worth 25¢ in U. S. money, but the new Chinese currency will be convertible to foreign exchange only under rigid government control.

## Embezzlement Up

More bank employees take more money as high volume of deposits brings temptation to get light-fingered.

Since the end of the war, more and more bank officials and employees have figured that maybe they can make crime pay. Embezzlements, held at record lows after the exposures following the Bank Holiday in 1933, are on the rise. The main reason: The postwar volume of bank deposits is high enough to cause plenty of itchy fingers.

• **Hint and Fact**—The first hint came in 1946. In that year losses under blanket bonds (which cover all kinds of bank losses) turned upward slightly. By last week the hint had grown into a big, disturbing fact. A spot check around the U. S. shows that more embezzlers are taking bigger chunks of money all the time.

Nobody knows yet how much is being lost each year, but they know it's a hefty sum. A clew was given by E. V. Kirck, an official of the American Bankers Assn.: "In the past two years, 37 dishonesty losses of \$25,000 or more averaged \$144,000 each, and they remained concealed for periods ranging from less than one year to 20 years. The average period of concealment was 11 years."

• **Shell-Game**—The concealment factor is the reason that total loss figures don't show up in a hurry. The average embezzler is as clever as a shell-game operator. With the flick of a pen he forges checks, juggles bank accounts, enters false credits to mask his theft. If he is particularly adept, he can keep all this well-hidden for years.

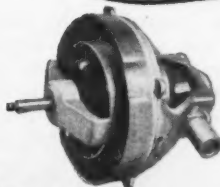
Most embezzlements follow a pattern from the first hesitant theft to the final discovery. The budding embezzler seldom intends to steal the money; instead, he gives himself a "loan" from the bank. He may use it to cover debts, dabble in speculation, buy baubles for women, support relatives, pay hospital bills, or—most likely of all—try to gamble his way to a quick fortune. Whatever his reason, he has every intention of repaying it when his horse comes in.

• **More and More**—After he gets away with the first "loan" without arousing suspicion, the embezzler usually decides he could use another. Or perhaps he really needs another to recoup the loss of the first. So he takes it—and another, and another. Each time he covers his tracks carefully, so that the auditors won't catch him.

Not knowing when to stop is the embezzler's downfall; sooner or later, his "borrowings" get out of control, and

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*Finest* Products!

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MOTORS**



Hair dryer motor...used where space factor and performance requirements are most exacting.



Heavy-duty universal motor with in-built spur gear reduction.



This motor is used extensively on such products as: industrial cleaners, agitators, sirens and colloid mills.

Smooth, efficient and dependable operation is characteristic of Lamb Electric Motors because they are specially engineered to provide the exact electrical and mechanical requirements of each product they drive.

As the result of this standard of performance, Lamb Electric Motors are in partnership with more and more of America's finest products.

**THE LAMB ELECTRIC COMPANY**  
KENT, OHIO

**Lamb Electric**  
SPECIAL APPLICATION  
FRACTIONAL HORSEPOWER **MOTORS**



UNSEEN SOURCE  
OF COMFORT



## Moving Air is working air

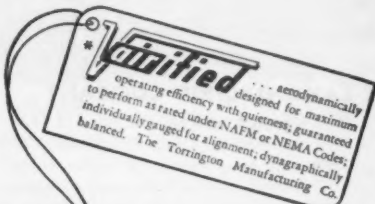
● Chances are you've heard employees say, "It's too hot to work." Have you considered how many dollars such an attitude can cost you?

There's no reason to lose that money—when efficient ventilating and cooling equipment is available to meet your particular needs and budget. In choosing equipment, here's a helpful tip . . . the basis of comfort is correct air circulation.

In any type of cooling or ventilating equipment, you are certain of quality and performance when Torrington Vairified® Air Impellers are used to circulate the air. Their design and engineering are based on fifteen years of research; they are in full accord with the most advanced principles of aerodynamics. Maximum air delivery with quietness is assured.

Whether you buy, sell or make cooling, ventilating or heating equipment, it will pay you to secure the advantages of Vairified Air Impellers.

Sales engineers in all principal cities.



THE  
**TORRINGTON**  
MANUFACTURING  
COMPANY  
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his defalcation is discovered. By this time, he has often fleeced the bank of sums of money running into six or seven figures.

● **How Can It Be?**—To the non-embezzling layman—who feels that the bank is always inhumanly accurate about his balance—this kind of feat seems incredible. Yet in its 14 years of operation, the Federal Deposit Insurance Corp. has rescued 404 banks from financial trouble. In nearly every one of them, shortages or some form of dishonesty figured. How is it that an employee can get away with so much money before being caught?

The answer comes down in the main to bank management. Says Vance L. Saylor, chief of the division of examination of the FDIC: "Where you have lax management, you have opportunities for dishonesty. And it is temptation rather than inherent dishonesty in the defrauder that is at the bottom of most defalcations."

Thus, the FDIC is now stressing to banks the importance of setting up well-organized internal audit controls. They shouldn't count on federal and state bank examiners—whose chief job is to determine only the bank's solvency—to find irregularities.

● **Depositors Covered**—In the past, embezzlement was a risk that depositors had to share. Today, deposits up to \$5,000 are fully protected by the FDIC in all but a few hundred of the country's 14,700 banks. The risk now falls on the

shareholders, who are protected only to the extent that losses are covered by fidelity bonds.

More than half of all fraud losses—and practically all of the biggest—are at least partly hidden by manipulation of depositors' balances. And although forgeries and other fancy paper work are common forms of fraud, 75% of bank losses from internal dishonesty comes from embezzlement of hard cash.

● **Who Is He?**—Most bank frauds are done by bank presidents, cashiers, tellers, and deposit ledger keepers. The smaller the bank, the greater the chance that the embezzler is one of its officers. In any case, the average embezzler is 34 years old, has worked in the bank seven years, and is a "trusted employee."

## New Checking System For the Blind

The constant search for extra ways to lure bank customers has turned up a new service: a special checking account system for the blind.

It has been developed by the Omaha National Bank, Omaha, Neb. With it, a blind person can keep his own checking account, write his own checks. The service is free.

● **Guide Lines**—Working with Kloppe Printing Co., the Omaha bank designed a special check, larger than standard size. Raised guide lines show the blind



## Federal Reserve Board Puts Brake on Credit

The Board of Governors of the Federal Reserve Board is one of the focal points of the government's effort to curb inflation by tightening up credit—mildly. Last week, in the midst of their deliberations, members sat

for a portrait. They are, left to right: (seated) Marriner S. Eccles; Thomas B. McCabe, chairman; M. S. Szymczak; (standing) R. M. Evans; Ernest G. Draper; James K. Vardaman, Jr.; Lawrence Clayton.

check writer where to fill in date, check number, payee, amount.

Alongside each check are two blank spaces boxed off by raised edges. These are for thumb-print identification. The blind person places his right thumb print in the upper box of each check at the time he gets the checks. Then every time he writes a check out, he puts his thumb print in the lower box.

• **Protection**—The check writer may use his real signature, however, or a rubber stamp facsimile.

At the extreme right edge of the special check are raised figures: \$5, \$10, \$25, and \$100. The drawer circles one of these to show the maximum limit of his check.

• **Available to Others**—The bank's insurance carriers have O.K.'d the check as covered under the forgery section of their Bankers' Blanket Bond. And the check has been copyrighted by Omaha National. But any bank may get permission to use it—provided that the checks are furnished to the blind without charge.

## CHAIN STORE FINANCING

Goldblatt Bros., Inc., department store chain, announced last week how it is financing its Chicago expansion program: It's selling \$3-million in debentures to Massachusetts Mutual Life Insurance Co.

The debentures carry 3½% interest for 15 years and are subject to sinking-fund payments of \$140,000 annually. Goldblatt may borrow up to \$2-million in addition.

The company is rushing its Elmwood Park store to completion at a cost of around \$1,100,000 for building and fixtures. A larger store at Madison St. and Pulaski Rd., to cost around \$2-million, is scheduled to be built in 1950. Goldblatt also has a long-term lease on property at East 63rd and Halsted Streets, where a third store is to be built.

Goldblatt operates nine department stores in Chicago and seven in other cities.

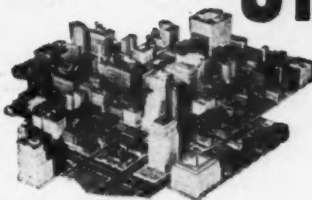
## WHERE INSURANCE SELLS

The western and southern states are the happiest hunting ground for insurance salesmen. That's what sales of ordinary life policies for the first half of this year seem to show.

In 14 states and the District of Columbia, people bought more ordinary life insurance than they did during the first half of 1947. All of these states but one—Pennsylvania—were in the South or West. Nine states held steady, 25 showed declines.

Total U. S. sales were up just a whisker over the same period last year, down 5% from the record first half of 1946.

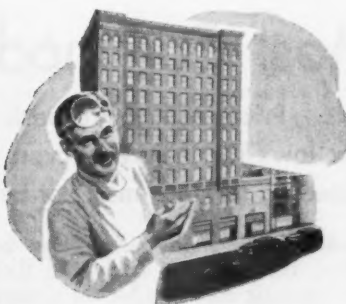
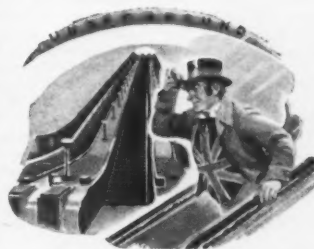
# skylines... by Otis



**St. Louis**, a queen city of the Mississippi Valley and eighth largest city of the United States, was founded in 1764 by fur trader Pierre Laclede Liquest. It was intended to serve as a trading point with the Indians of the Mississippi-Missouri River system. Today, it is world renowned for its commerce, industry and patronage of the arts. Why are we interested in its skyline? 2,779 of St. Louis' 4,774 elevator installations are by Otis. Makes us feel famous, too.

## FASTER THAN UNCLE SAM!

English subwayites like to pick up time on the long stretches. The world's fastest moving stairways are the Otis Escalators in the Leicester Square Station of London's Underground. Their speed? Up to 180 feet a minute. That's twice as fast as any Otis Escalator in the U.S.A. Why so fast? Their unusual length. They travel 162 feet during an 81 foot rise. Surprised?

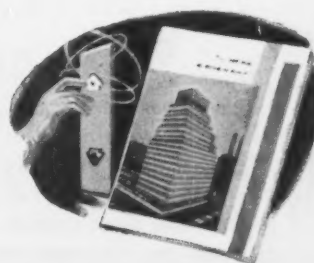


## SUCH HEALTHY ARTERIES!

In a building? Yes. Traffic arteries. In St. Louis, a ten story addition to the distinguished Beaumont Medical Building increased elevator traffic from 11,500 to 16,000 passengers a week. Did this mean new elevators? No. Simply modernization. A new Otis scheduling system was added to the original three car installation. Result? Speeded-up service that keeps nicely in step with increased traffic.

## A 'TOUCH' OF STARTLING NEWNESS.

Otis again leads the way . . . this time with the magic of modern electronics to improve Signal Control operation. You can now summon an elevator by simply *touching*, not pushing, a plastic arrow in the landing fixture. The story of the world's first Electronic Signal Control Elevator installation is told with full color photographs in a new Otis booklet. Write for Bulletin B-727-I.



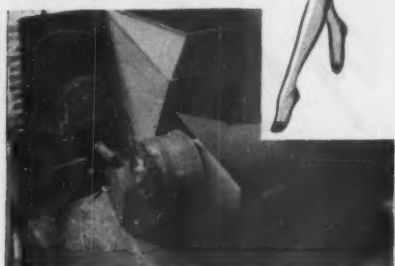
Otis service? Newly opened offices in Hagerstown, Maryland; Fall River, Massachusetts; Missoula, Montana; Reno, Nevada and Middletown, Ohio raise the total number of Otis offices in the United States to 257.

## ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.

"Escalator" is a registered trade mark of the Otis Elevator Company. Only Otis makes Escalators.

Change from oil to  
**CANTON STOKER** cuts fuel  
cost for Hosiery Mill



"There has been definitely a cash saving to us ... we can now carry a full head of steam with a capacity load ... it has never given us any trouble and under present conditions, we would never think of going back to oil." This comment from Victor Silk Hosiery, Bucks County, Pa. is typical of scores of manufacturers, institution and building operators who have switched from oil to coal firing with Canton Stokers, avoiding high cost and uncertainty of fuel supplies.

Why not check the savings Canton Stokers could mean for your operation. Write for list of "famous name" industries Canton Stoker equipped. Representatives in principal cities. Write CANTON STOKER CORPORATION, MAIN PLANT, CANTON 2, OHIO.



The ONLY ramfeed stoker drive  
guaranteed against WEAR and  
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Inventory and appraisal  
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accounting, finance, and  
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# THE MARKETS

## How Commodity Prices Stand Now

Primary Spot Market	January High	1948 Low	Month Ago	Now	% Change July- August
Butter, lb. ....	\$ .888	\$ .718*	\$ .772	\$ .730	-5.4%
Cocoa beans, lb. ....	.460	.312	.445	.420	-5.6
Coffee, lb. ....	.270	.260	.270	.265	-1.9
Copper, lb. ....	.214	.214	.214	.234	+9.3
Corn, bu. ....	2.808	1.750*	2.115	1.880	-11.0
Cotton, lb. ....	.359	.307*	.334	.309	-7.5
Cottonseed oil, lb. ..	.320	.198*	.244	.214	-12.3
Hides, lb. ....	.325	.232	.300	.275	-8.3
Hogs, 100 lb. ....	28.950	20.875	29.875	30.500	+2.1
Lard, lb. ....	.290	.182*	.220	.185	-15.9
Print cloth, yd. ....	.282	.170*	.175	.170	-2.9
Rosin, 100 lb. ....	8.950	6.760	7.250	7.250	....
Rubber, lb. ....	.230	.195	.249	.220	-11.6
Steel scrap, ton. ....	39.500	38.250	41.750	41.750	....
Steers, 100 lb. ....	32.250	26.500	35.125	34.500	-1.8
Sugar, lb. ....	.063	.050	.058	.058	....
Tallow, lb. ....	.278	.128	.160	.132	-17.5
Wheat, bu. ....	3.065	2.064*	2.186	2.200	+0.6

\* New low set in the last month.

## Most Commodities Weak

Prices of 12 of 18 basic materials fell last month; seven hit new lows for the year. Even government price supports, while protecting farmers, may not be able to prop open-market prices.

Sinking commodity prices may be making the consumer happy, but they aren't making life easier for the average businessman. In fact, they are giving him inventory nightmares (page 9).

Prices of most of the raw materials industry processes are sliding. It looked for a while as though they had stabilized, but in the last few weeks they have turned down again.

Just to make matters worse, the few materials whose prices are firm are the

things that industry finds it hardest to procure.

• **Paradox?**—Quick shifts in sentiment must baffle even students of the commodity markets at times. This week, for example, corn turned strong in the face of one of the worst storage problems in the country's history. Sellers of nearby futures had been caught short—with old-crop corn mostly used up and the new crop not yet harvested.

Right alongside that movement, wheat futures not only remained below the government support price but drifted still lower in light trading.

Twelve of 18 important commodities have declined in the last month, with no fewer than seven breaking through the lows set earlier this year (table, above). Three of the remaining six were unchanged.

• **Foreign Goods, Too**—Weakness in farm products, of course, has been most notable. But it has spread even into imported commodities. Rubber is down fairly sharply from its summer high above 25¢ a lb. This comes in the face of the Red uprising in Malaya which

### Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial	156.9	157.7	156.3	150.0
Railroad	49.8	49.4	48.6	42.9
Utility ..	70.6	70.8	71.1	75.7
<b>Bonds</b>				
Industrial	98.0	97.7	98.9	103.2
Railroad	86.8	86.3	87.7	88.9
Utility ..	95.1	95.2	94.8	103.2

Data: Standard & Poor's Corp.



constitutes at least a potential threat to continuity of supply.

These recessions in imported commodities worry many traders. They don't know whether other materials—maybe even hard-to-get copper and lead—will be pressed for sale by foreign producers. While the products are needed abroad, the desire for dollars may be more compelling.

• **Questions**—Uncertainties are numerous, too, on the home front. The loan rate won't be set on cotton until the Oct. 15 parity price is computed. If prices of things the farmer buys rise,

that will boost the quotation at which the government has to support cotton.

And there remains this question: Will support prices at the farm level keep market prices up? The farmer can get loans on his corn. But, to do so, he must put it in "approved" storage. If he can't, he may have to throw it on the market.

As traders well remember, a surplus is a surplus, no matter who holds it. When Uncle Sam bailed cotton raisers out on the 13-million-bale prewar surplus, it didn't prevent a price decline on the open market.

## The 1948 Bull Market: Its Score To Date

Stock Group	Standard & Poor's Indexes (1935-39 = 100)			
	Mar. 17, 1948	Subsequent High	Aug. 25, 1948	% of Bull Market Gain Lost
Tobacco products.....	75.9	81.4	80.9	9.1%
Baking and milling.....	131.4	153.0	150.2	13.0
Shipbuilding.....	165.1	202.4	195.9	17.4
Copper.....	109.6	143.4	138.5	17.4
Automobile.....	106.6	133.9	128.9	18.3
Coal.....	224.7	295.4	280.7	20.8
Office and business equipment.....	129.7	156.2	150.5	21.5
Radio.....	102.0	164.9	135.3	23.5
Railroad stock index.....	101.9	129.5	121.4	29.3
Paper.....	241.6	323.4	297.4	31.3
Sugar.....	90.8	100.8	97.6	32.0
Mining and smelting.....	72.4	94.2	87.1	32.6
Steel.....	120.6	149.6	140.1	32.8
Consumer goods stocks.....	112.1	136.9	128.6	33.5
Textiles and apparel.....	199.6	272.1	245.7	36.4
Shoes.....	105.5	116.9	112.7	36.8
Tires and rubber goods.....	162.7	195.5	182.8	38.7
Department stores.....	162.3	211.7	192.5	38.8
Industrial stock index.....	117.9	143.7	133.4	40.0
Five, ten, and dollar stores.....	113.3	129.8	123.2	40.0
Composite stock index.....	113.9	136.0	127.0	40.7
Dairy products.....	152.0	184.6	170.1	41.4
Electrical equipment.....	86.4	109.6	99.9	41.8
Chemicals.....	115.9	136.9	128.0	42.4
Utility operating companies.....	93.9	102.4	98.7	43.3
Soaps and vegetable oils.....	132.7	141.9	137.9	43.5
Lead and zinc.....	98.0	127.7	114.6	44.1
Mailorder and general chains.....	157.9	199.4	180.8	44.8
Capital goods stocks.....	107.3	130.8	122.0	45.1
Telegraph and telephone.....	92.7	100.2	96.8	45.3
Fertilizer.....	214.6	288.4	252.6	48.5
Printing and publishing.....	117.6	159.0	138.3	50.0
Food chains.....	159.8	184.8	172.2	50.4
Auto parts and accessories.....	108.8	138.8	123.5	51.0
Oil.....	151.3	202.1	176.0	51.6
Aircraft manufacturing.....	111.3	127.3	118.9	52.5
Building materials.....	111.8	137.7	123.9	53.3
Machinery.....	107.0	134.0	118.6	57.0
Metal fabricating.....	105.2	138.8	119.2	58.4
Utility holding companies.....	99.2	127.2	110.6	59.3
Distillers.....	259.8	340.6	288.1	65.0
Meat packing.....	140.9	159.6	147.2	66.3
Finance companies.....	86.5	101.2	91.2	68.0
Railroad equipment.....	97.3	117.3	103.4	69.5
Metal containers.....	67.3	77.7	70.4	70.1
Agricultural machinery.....	124.2	151.2	132.0	71.1
Motion pictures.....	145.9	181.5	151.3	84.8
Drugs and cosmetics.....	93.0	106.8	94.9	88.6
Shipping.....	380.0	406.5	357.0	*
Soft drinks.....	139.3	148.2	128.0	*
Gold mining (U. S.).....	64.2	70.0	58.9	*
Leather.....	101.7	122.5	98.8	*
Air transport.....	238.3	263.2	209.4	*
Glass containers.....	98.3	119.6	96.9	*

\* Now below mid-March levels.

## INTERLAKE CHEMICALS

*Serve Industry*

Many industries, whose products are used in everyday life, use Interlake Chemicals. For example:

### CONSTRUCTION

Interlake Resins for bonding plywood and insulation.



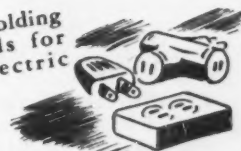
### SHIPPING

Interlake Creosote Oil for preserving docking.



### ELECTRICAL

Interlake Molding Compounds for many dielectric parts.



### RAILROAD

Interlake Weed Killing Creosote for road bed maintenance.



## INTERLAKE CHEMICAL

Corporation

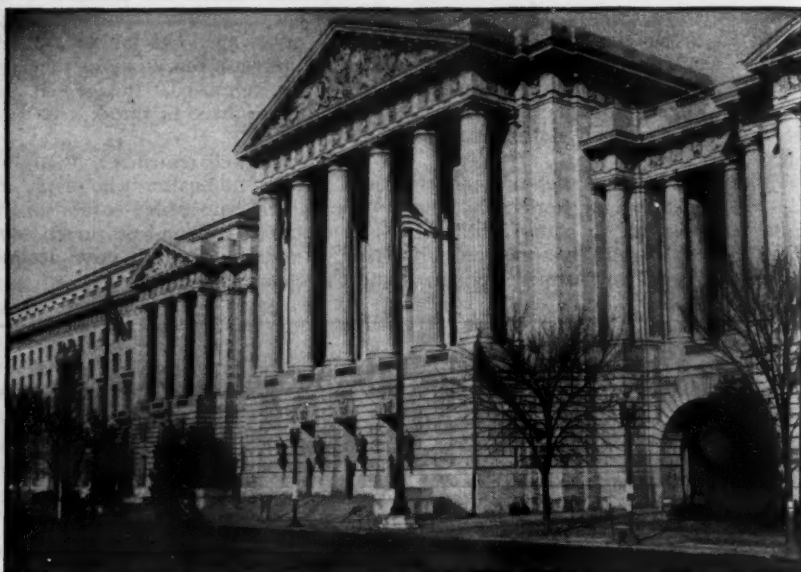
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# LABOR



LABOR ADVISER Taylor may set . . .



DEPT. OF LABOR on course toward stronger unity, merger—or decline

## Deciding the Fate of the Dept. of Labor

Hoover Commission drafts Dr. George Taylor to sift data, recommend what to do with departmental problem child.

Dr. George W. Taylor, an old hand at big federal assignments, has just been given another. The former chairman of the National War Labor Board and of the Office of War Mobilization & Reconversion's advisory council may cast the deciding vote on a ticklish problem: what to do with the 35-year-old Dept. of Labor.

• **Drafted**—Dr. Taylor has just been drafted by the Commission on the Organization of the Executive Branch of the Government—the Hoover Commission. It has borrowed him from the University of Pennsylvania's Wharton School of Finance & Commerce as a special adviser. He will help the commission figure out whether the Labor Dept. should be:

**Strengthened and unified** so that it will rate its ranking as a cabinet department; Washington wits call new Secretary of Labor Maurice Tobin "the only bureau chief with cabinet status."

**Given bureau status** in a proposed new Department of Public Welfare.

**Left as it is**, a hollow-shell department—little more than a bureau—which holds cabinet rank as a gesture toward organized labor.

The Hoover Commission, created a year ago, is due to report to Congress Jan. 13, 1949, on how to improve government operations. What it says about labor will be important: The next ad-

ministration, whether Democratic or Republican, will want to decide, at the outset, just what to do with the Labor Dept.

• **Summary and Suggestions**—When the Hoover Commission outlined its work, it didn't give any one committee the specific task of studying the government's labor functions. But it hasn't run into any shortage of material on the subject. Nearly half of the other committees have something to say about labor.

Dr. Taylor has agreed, at the request of commission chairman Herbert Hoover, to dig out of the various reports all material touching on labor. He will pull this material together into a special report which will cover all the committee findings, analyze them, and make recommendations.

• **On His Own**—What Dr. Taylor does will be pretty much up to him. Conceivably, he might run into a situation like this: The statistical services study group might recommend, in its report, that all economic statistics agencies be lumped under the Commerce Dept.—including the Bureau of Labor Statistics. In that case, Dr. Taylor might submit to the Hoover Commission a criticism of the committee recommendation, tying it into his other findings on what the Labor Dept. should be.

Dr. Taylor's job will be one of reading

and deciding. He won't do any research of his own.

• **Department History**—The present Labor Dept. dates back only to 1913—when a Republican Congress set it up during the Taft administration. Before that, it had functioned simply as a Bureau of Labor, first in the Department of the Interior (1884) and later in the Department of Commerce and Labor (1903). In pre-1913 days its job was mainly a statistical one.

The Department reached its peak in the Roosevelt administration. Subsequent Republican congressional sessions have whittled away at it until it has lost most of its recent high standing.

• **Losses**—For example, a year ago the Labor Dept. spent \$31-million. Its 1948-49 budget is only \$14.3-million. Two years ago the department had 7,000 on its payroll. Now there are only about half that many. Over the same period, the budget of the National Labor Relations Board (an independent agency) has been upped from \$4.4-million to about \$12-million, and its personnel has grown from 800 last year to well over 1,000.

Budget losses aren't the department's only setbacks. Since the Republicans took control of Congress in 1947, the Children's Bureau, the Conciliation Service, and—on July 1 of this year—the U. S. Employment Service were taken out of Labor's bailiwick.

• **What's Left**—Of the bureaus still in its hands the largest—the Wage and Hour and Public Contracts Division—

has independent status. Its budget: \$5-million.

There are five other bureaus: the Bureau of Labor Statistics and the Bureau of Apprenticeship (their budgets, respectively, are about \$4-million and \$2.4-million); the Veterans Reemployment Rights Bureau, Labor Standards Bureau, and Women's Bureau (which together spend about \$800,000).

That's not very much for a department normally administered by a Secretary of Labor, an Undersecretary of Labor, three assistant secretaries, assorted solicitors, special assistants, and liaison officers. To get a complete view of how the government operates on labor matters, you would have to look a long way beyond the department.

## Many Federal Agencies Have a Hand in Labor

Here's where you would go, outside the Labor Dept., if you were tracking down federal labor activities:

**The White House**—The Secretary of Labor is nominally the presidential adviser on labor matters. However, Presidents Roosevelt and Truman have relied more on White House aides. Currently, John Steelman is Truman's chief labor adviser. His job includes helping set up emergency boards under the Railway Labor Act, and boards of inquiry in Taft-Hartley national emergency cases. He also advises on other appointments important to labor; does some mediating of critical disputes; and serves as a sort of appeal board for the various federal agencies that handle labor activities.

**National Labor Relations Board**—Handles labor-management relations cases under the T-H law (collective bargaining elections; unfair labor practices; safeguarding employment rights of the individual; etc.).

**Federal Mediation & Conciliation Service**—Seeks to settle labor disputes under the T-H law; receives 30-day dispute notices required by the law.

**Railroad Retirement Board**—Administers the laws covering retirement, unemployment insurance, and disability benefits for railroad workers; operates an employment service for railroad workers.

**National Mediation Board**—Handles disputes under the Railway Labor Act between labor unions and employers operating common carriers—chiefly the railroads and airlines.

**Commerce Dept.**—Collects statistics on the size of the labor force and on industrial manpower requirements.

**Agriculture Dept.**—Collects statistics on employment, hours of work, and earnings of farm labor.

**State Dept.**—Keeps tabs on foreign trade union developments and labor economic trends that might have political

# HOW TO BE Heat Happy THIS WINTER

Sleekly, smartly functional, the new Trane Model H Unit Heater blends as well into a tastefully decorated shop as it does in a down-to-earth factory. Smart salesgirls or rugged riveters, people like to have heat when they want it—and where they want it. There's no better way to keep them happy than with Trane Unit Heaters.

Store



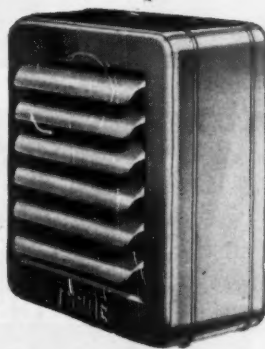
Model H furnishes plenty of heat for a quick morning warm-up. Its warm brown enamel finish blends with any interior.

Office

Slick and compact, Model H quietly heats cold spots—fits perfectly in the finest office.



Warehouse



Entirely at home, Model H buckles down to give large areas all the heat they want—faithfully.



Factory

Model H fits right into the picture, giving workers the heat they want—where they want it.



This compact product of the world's largest manufacturers of unit heaters and other heating and air conditioning equipment is designed especially for stores, offices, factories.\* There's a size and style that's right for you. Stocked by 300 distributors for prompt delivery. Get details from any of the 85 Trane Sales Offices, or direct from the factory. Ask for the new Trane Model H Unit Heater.

\* Not for your home; there you need famous Trane Convectors—radiators!

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## CLARAGE FAN IN Cleveland

Another city which "goes strong" for the A-1 quality of Clarage equipment is Cleveland.

There are Clarage installations in the Cleveland Post Office, Midland Steel Products, Eaton Axle, Willard Storage Battery, Industrial Rayon, Cleveland Welding, and the John Hay High School, to mention a few.

Yes, the nation over, wherever air handling and conditioning is required, there is a rapidly growing interest in the long-lasting economy of the equipment which Clarage builds.

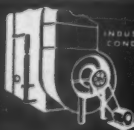
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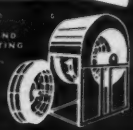
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implications. The department has labor attaches in foreign capitals and advises U. S. delegates to the International Labor Organization.

**Economic Cooperation Administration**—Has labor experts on its staff and as advisers, to get labor backing for the European Recovery Program.

**Navy**—Has a civilian expert in Washington to speed up settlements of disputes between Navy contractors and unions which might slow down deliveries of Navy orders (BW—Jun. 19'48, p104). The service also has an industrial relations office manned by regular Navy personnel. Its job is to handle employee relations in Navy Yards and shore establishments that employ civilian labor.

**Army**—Has civilian experts to handle labor problems on contracts covering transportation (including longshoring and stevedoring), construction projects, and ordnance plants operated for the government by private management.

**Air Force**—Has no labor activities right now, but is planning to take on labor experts to help expedite contracts.

**National Security Resources Board**—Advises the President on policies concerning industrial and civilian mobilization; its aim is advance planning to assure the best use of the nation's manpower in the event of war.

**Federal Security Agency**—Runs the country's old-age pension, unemployment compensation, and employment service programs.

**Civil Service Commission**—Selects and places employees in classified federal jobs, investigates their loyalty.

## Unpopular Raise

G. M.'s cost-of-living pay hike brings no U. A. W. cheers. Management can look for different wage demands.

A 3¢-an-hour cost-of-living wage hike took effect at General Motors this week (BW—Aug. 28'48, p19). But unions—including the United Auto Workers (C.I.O.), whose members got the G.M. increase—still take a chilly view of "slide rule" wage agreements.

• **Reasons**—Here's why labor feels that way:

(1) Very few arguments that gear wages to living costs work only one way—to raise pay as prices go up. Under the more common brand of escalator clause, wages go up as living costs go up, come down when living costs go down. Union leaders don't like. They fear the union dissatisfaction that automatic cuts in wage scales might cause—even though such cuts are limited.

(2) As U.A.W. puts it, automatic

c.-of-l. raises help nobody. U.A.W. said last week that the extra pennies of pay from G. M. will only protect the workers' present buying power; it won't raise their living standards. G. M. workers, says the union, would have been better off if the price index had dropped, or at least had stood still.

(Under the G. M. formula, however, hourly-paid workers would have lost 1¢ for every 1.14-point decline in the living-cost index. The maximum loss would be 5¢, which would put G. M. wages at a contract minimum—(BW—May 29 '48, p96).

• **No Solution**—U.A.W. warned members that a c.-of-l. adjustment doesn't solve the inflation problem posed by higher living costs:

"G. M. workers must remember that while their own buying power is protected against price rises, most other workers and consumers are not similarly situated. The market for cars you produce, and therefore the security of your jobs, depends on the buying power of the entire American public. If that buying power is eaten away by further inflation, G. M. workers' jobs will be endangered."

Current interest in the G.M. c.-of-l. adjustment has given U.A.W. a springboard for an anti-inflation drive from a different tack. Its theme: "Practically all major corporations could grant consumers substantial improvement in their living standards by rolling back prices."

• **Prospects**—Unionists outside U.A.W. have shown a similar lack of enthusiasm for the G. M. formula. As a result:

• Management can expect few, if any, new demands for contracts with pay rates pegged to fluctuations in c.-of-l. figures.

• Instead, unions are likely to press for wage-reopening clauses in contracts. Those unions whose wage rates are frozen until contracts run out in 1949 are vowing they won't make the same mistake twice; they'd like to be able to ask wage reopening now in view of the G.M. c.-of-l. adjustment.

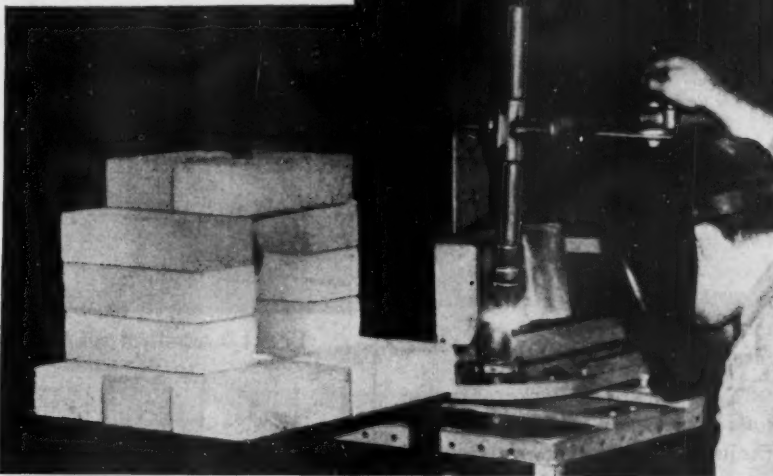
• The G. M. increase has raised the corporation's third-round settlement figure to 14¢ an hour. That's the figure that most union wage negotiators who haven't settled yet are now shooting for. If the cost of living keeps on rising, the objective will go up correspondingly.

• **Adjustment**—The 3¢ G. M. adjustment in hourly pay affected 265,000 production workers—based on a Bureau of Labor Statistics consumer price in-

The Pictures—Acme—92; Ewing Galloway—106; Harris & Ewing—88, 96, 105 (left, right); Int. News—23, 80; Wide World—20, 86, 92 (right), 105 (center).

## Heliwelding permits mechanized rotor mass-production

**SALCOVER METAL PROCESSING CORP.**, of Long Island City, N. Y., had contracted for the fabrication of copper rotors for induction motors. They wanted a fast, mechanized mass-production method to substitute for the piece-work techniques customarily used.



**H. A. Huff, Jr.**, Airco Technical Sales Representative, suggested Heliwelding with an Airco machine holder. He devised a balanced work-cycle which permitted a simultaneous preheating and welding operation. When, for example, one rotor is being preheated, another is welded. A spindle holds and turns the latter under a 1/8" tungsten electrode in an Airco water-cooled

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dex figure of 173.7 for July; if the index had gone up .2 of a point more, G.M. would have been obliged to give a 4¢ raise.

The company is also going to take care of salaried workers. September checks of 68,000 white collar employees will include a \$25 c.-of-l. bonus; in December they will get another bonus check, for \$40.

The total cost to G. M. of the hourly boosts and salary bonuses is an estimated \$20-million.

• **Next Look**—The second quarterly adjustment will be made Dec. 1. The basis will be the Oct. 15 BLS index figure, due in late November. Price statisticians look for an index rise that will mean at least 2¢ an hour more for G. M. workers.



UNITED outside, if not inside, U.S.A.: C.I.O.'s Golden (left), A.F.L.'s Jewell

## Labor Leaders Unite to Back ERP

A.F.L. and C.I.O. can pull together for a common cause.

That's the big lesson in a recent joint statement by Clinton S. Golden (C.I.O.) and Bert M. Jewell (A.F.L.).

• **The Men**—The two union leaders are top labor advisers to the Economic Cooperation Administration. Both are veterans of the long war between the A.F.L. and C.I.O. Golden, a close associate of C.I.O. president Philip Murray, is a former United Steelworkers of America official. Jewell, head of the Railway Employees Dept. of A.F.L., is a craft unionist with a 40-year record in the Boilermakers Union.

But the two men find that they think alike on international labor affairs. They spent five weeks touring western Europe on an ECA mission. When they got back, Jewell told a press conference: "You can think of us this way—we're two guys, but there ain't but one of us."

They recommended:

A major role for American labor unions in establishing "a new concept of international relations between the democratic countries of Europe.

Full backing of the ECA program in this country.

Lending "this country's productive knowledge" to nations cooperating in the European Recovery Program. British industry is already getting technical aid through production councils.

• **Warning**—Golden and Jewell warned against the Communist line abroad: that American workers are only lukewarm in backing ERP. A.F.L. and C.I.O. representatives in London, Paris, and other key capitals have joined forces to counter that line.

A.F.L. and C.I.O. started out on separate foreign campaigns. These have now become, in effect, a single cooperative effort. It's not all smooth sailing. The unions take quite different tacks, for instance, on the World Federation of Trade Unions (BW—May 15 '48, p112). But such differences no longer are bars to joint action; in international affairs, common causes now outweigh internal unions affairs.

• **Unity at Home?**—More and more union leaders, both A.F.L. and C.I.O., are saying that this should be the case at home, too. The urgency of united action at home—if not organic unity—is certain to come up at both A.F.L. and C.I.O. conventions in November.



## \$200 for 60¢

That's how rubber union figures its peaceful third-round winnings. But a get-tough group remains dissatisfied.

The rubber industry's labor relations pattern in 1949 may be set at a United Rubber Workers (C.I.O.) convention in Omaha this month. Opponents of president Leland S. Buckmaster will try to stop his reelection. Their grounds: Buckmaster's bargaining policies are "ultra-conservative"; they want tough, industry-wide bargaining.

• **Opponent**—George R. Bass, president of the big Goodrich Local 5, has been picked to run against Buckmaster in the election. Bass is one of the leaders of a caucus which is already firmly entrenched in U.R.W. top offices (BW—Apr. 17'48, p113).

The coming political storm in the union began brewing after the recent publication of a report on third-round contract gains. The union's monthly paper, *The United Rubber Worker*, gleefully boasted that rubber workers had won an average per-capita wage boost of \$200 a year at a cost of 60¢ each. It hailed this as "dramatic proof of the value of company-wide bargaining."

Buckmaster's rivals attacked the report as "campaign talk." But they did not minimize the importance of the union's 11¢ wage gain. They promised "a thorough floor discussion" of the report at the convention, which opens on Sept. 20.

• **Gains and Advantages**—Meanwhile, the wage settlement report got wide attention as an unusually frank union document supporting peaceful bargaining practices. It informed U.R.W. members that some 105,000 "Big Four" rubber workers (employed by Goodyear, Goodrich, Firestone, and U. S. Rubber) have won wage boosts totaling more than \$21-million a year. They did this without losing a day's work.

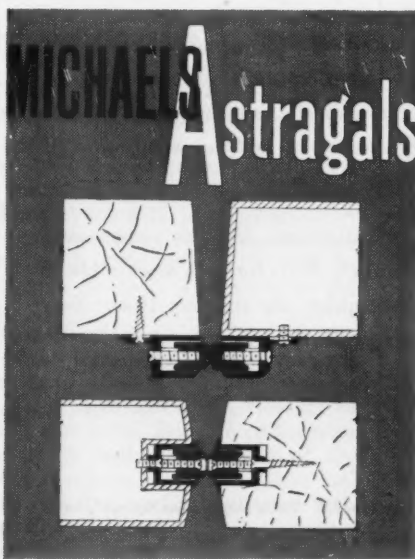
Workers in 85 plants outside the "Big Four" won pay hikes of another \$8-million a year.

• **Low Cost**—According to the union, the \$29-million increase in wages was gained in company-wide bargaining at a cost of \$20,859—exclusive of salaries for international union workers which would have been paid anyway. Local union expenses were estimated at about double the costs paid by the international union. According to the union publication, the total expenses figure down to 60¢ per capita, from union dues, and the 1948-49 contract gains come to \$200 per member.

Significantly, the report warned that

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there's often more to be lost than to be gained in "get tough" bargaining:

● **For Peace**—"The cost to both the international and the local unions was much less than what it would have been if there had been a strike [to force industry-wide bargaining]. Each member would have lost hundreds of dollars in lost time, with resultant family anxiety and hardship. Each local union's treasury would have been drained.

"The strike and defense fund of the international union would certainly have been depleted. The total cost would have run into millions of dollars. And when it was all over we might not have been able to get any better terms than we did through across-the-table bargaining."

## NLRB Approves Firings For Mass Picketing

Can an employer fire employees for engaging in mass picketing or violence? Yes, answered the National Labor Relations board recently.

● **Upholds Company**—NLRB ruled that engaging in mass picketing, even without violence, is enough reason for a discharge. It upheld Dearborn Glass Co., Chicago, in its dismissal of a woman worker who joined massed pickets outside the plant.

In upholding the company, NLRB upset a ruling by a trial examiner who asked that the woman be reinstated. His position had been that the discharge was for union activities.

NLRB held that mass picketing isn't a protected union activity. It cited an earlier decision involving International Nickel Co. This decision held that mass picketing which bars supervisory and other nonstriking personnel from a plant, even though not accompanied by open acts of violence, goes beyond the bounds of peaceful persuasion, protected by the law.

● **Parallel**—In a parallel case, NLRB reversed another trial examiner when it upheld discharges by Socony-Vacuum Oil Co. in East St. Louis, Ill. The company fired six employees who engaged in a mass demonstration during a strike in 1945. NLRB refused to order their reinstatement. It said that the demonstration "amounted to forcible debarment of persons lawfully entitled to enter the plant."

And in another case, NLRB held that employers don't have to put up with violence inside the plant, either. The decision came in a discharge case at Union Screw Products Co., Marysville, Ohio. NLRB held that the company could fire a union member who, during a grievance session, put his hand under the chin of a company official and jerked up his head.



TALKING OVER 'BEEFS' at Alabama Dry Dock & Shipbuilding Co.

## Keeping Grievances Down

Shipyard management finds that short-circuiting grievances at the point of origin pays off in good labor relations. Union and the boss went 13 weeks without grievance sessions.

Management is generally inclined to shrug off time lost in grievance committee meetings as a routine labor-relations cost. Not so at the Alabama Dry Dock & Shipbuilding Co., in Mobile. Its Industrial Relations Dept. decided that handling grievances was taking up a lot of time unnecessarily.

• **Spot Settlements**—It believes it has found the answer: Settle the worker's "beef" while it's still fresh, right at the point of origin.

The plan is paying off. The 5,000-employee shipyard used to have an average of one or two grievance committee meetings a week. But the shipyard went 13 weeks this summer without a single grievance committee meeting because of its on-the-spot settlement plan.

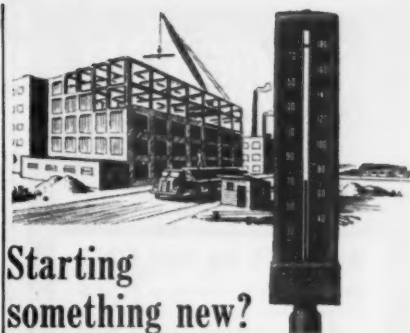
• **Operation**—Here's how it works:

The Industrial Relations Dept. has representatives in the yards during all shifts. If a worker has a "beef" about his job, he tells it to the representative. They try to "talk things out" there and then. If it's a serious grievance, involving a contract clause, the management

agent calls in a shop steward of Local 18, Industrial Union of Marine & Shipbuilding Workers (C.I.O.). A grievance is carried over for a day, or is sent to a grievance hearing, only if it can't be settled on the spot. That's seldom the case.

• **Good Relations Count**—The formula isn't exactly a new one. Other management labor relations men have had very much the same idea about the way to handle grievances. But Addco has been able to go further than most of the other companies because of one important factor: excellent relations with its union.

• **Two-Way Credit**—Addco's director of industrial relations, J. Paul Keefe, credits "the intelligent leadership and sound labor policies" of Local 18 for success of the company program. Union officials credit the "realistic" attitude of the shipyard management. Both agree that the point-of-origin handling of grievances would fall flat if either management or the union didn't work to make it work.



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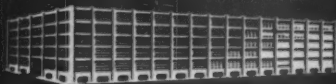
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of BUSINESS WEEK?

## Builders' Peace?

Construction industry machine hands down its first decisions in jurisdictional disputes. Big test to come.

Four months ago, the construction industry took a bold step toward solving one of its biggest problems: the sporadic jurisdictional disputes between unions which often lead to costly, time-wasting work stoppages. Contractors and building trades union leaders agreed to set up machinery to settle arguments without strikes (BW—Apr. 17'48, p115).

• **Alternative**—It was a frank experiment, but it looked like a better bet than the alternative—federal intervention. For the penalty of failure to cut down, or to end, disputes over job rights was plain to all: The National Labor Relations Board would take jurisdiction over the construction industry, under the Taft-Hartley act.

This week, the industry began to find out how effective its policing job will be. The first decisions were handed down by joint management-labor boards in inter-union disputes. The big test is still to come: Success or failure of the plan is going to depend on how well contractors and unions take the decisions of the joint boards.

• **Busy Board**—Since the plan started, on May 1, 44 requests for decisions have been filed with the industry's National Joint Board—28 by contractors, 16 by unions in A.F.L.'s Building & Construction Trades Dept.

• **Operation**—A board of trustees does the initial job of screening the requests. On it are John T. Dunlop, impartial chairman, and four representatives each of contractors and unions. The board handles some cases itself. Others it refers to joint boards, which hear the facts and decide the jurisdiction. A joint board is set up for each dispute if (1) Dunlop and the trustees decide that the particular issue hasn't been covered by some prior decision, and (2) the A.F.L. Building Trades Dept. can't get the squabbling unions to settle their differences at a conference table. The joint boards include two representatives each from management and unions; Dunlop acts as impartial chairman.

• **Closed Cases**—So far, of the 44 cases filed, the board of trustees has closed four without referring them to joint boards.

Two of the four closed cases were found to be covered by 50 basic agreements between unions—recognized as "the law" in the A.F.L. Building Trades Dept. These agreements and A.F.L. arbitration decisions date back to the turn-of-the century. The new

board of trustees will take over the job of interpreting them in future disputes.

One case was closed because the issue in dispute had died a natural death. The fourth case ended in an agreement by laborers that laying wood fiber conduit underground for electrical wires and cables should be done by the electricians' union. The international presidents of unions involved were able to settle the wood fiber conduit case. Thus, there was no need for a joint board.

• **Joint Board Decisions**—Six cases, of the remaining 40, have been referred to joint boards so far. Two were decided this week in unanimous agreements between Dunlop and the boards.

In these cases, the board decided:

(1) Installation of streamlined or other manufactured copper pipe or fittings for beer lines, wort lines, yeast lines, and carbon dioxide lines is the work of the plumbers. Installation of copper attenuator coils in the interior of tanks and vats in breweries is the work of coppersmiths belonging to the sheet metal workers union.

Two separate cases were involved in this issue. The Turner Construction Co. brought up one to settle a dispute on a job for Ballantine's Brewery in Newark, N. J. The other case was filed by the plumbers in connection with a dispute at Hamm Brewing Co., St. Paul, Minn.

(2) Installation of steel decking for roofing (10 gage or lighter) is the work of the sheet metal workers. Iron workers will install steel decking for flooring. Whenever steel decking is used as a raceway for electrical wiring, the electrical work will be done by electricians.

Here, again, the settlement covered two cases: one brought by H. K. Ferguson Co., contractors, regarding a job in Decatur, Ill.; the other by the sheet metal workers union involving a job by William L. Blanchard, contractor, at Metuchen, N. J. The issue involved the sheet metal and iron workers directly, but the electricians and carpenters were allowed to protect their interests.

• **More Coming**—A third decision is expected soon on a dispute between the plumbers and electricians over pre-heating and stress relieving of welds on high-pressure pipe. Public hearings by joint boards have been set on three other issues. Twenty cases, involving 17 different issues, may have to go before joint boards. There's no precedent to cover them, and A.F.L. hasn't been able to bring the union heads together on a voluntary settlement.

• **Importance**—All contractors employing A.F.L. workers may have a stake in decisions and voluntary agreements on these jurisdictional disputes. That's because the settlements apply on a national basis to other disputes on the same issue. They become the "law" governing the assignment of work.

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 4, 1948



Washington thinks the Berlin crisis is about over.

This week the Allied Control Council started functioning again in the old German capital—after a five months lapse.

Of course, the four powers still have to agree on:

(1) Joint control of the currency in Berlin. For the western powers, the problem is to keep the Russians from getting economic control of the city.

(2) Lifting of the Soviet blockade. The West will want some guarantee against a repeat performance.

If East and West get together on these two issues, they can start on the wider German questions—from reparations to control of the Ruhr.

There's talk already, both in Washington and London, of a Foreign Ministers conference on Germany before the end of the month.

But don't look for an overall agreement on Germany soon. It will come—if at all—only after several months talking.

Prospects for the new Schuman government in France aren't too good.

French labor is on the rampage for a big wage boost. If Schuman—a Popular Republican (which in France means middle-of-the-road)—grants this, he sets off a new inflationary spiral. That would destroy confidence in his government. If he refuses, he'll lose Socialist support and have to resign.

Both the anti-Communist Workers Force and the Catholic unions have joined the Communist workers in demanding a 20% wage increase. The Socialists figure they'll be finished politically if they don't back this demand.

Thus, the days of postwar coalitions between liberals and socialists seem to be numbered. De Gaulle's henchmen may be right when they say he'll be in office by January.

There's a "Sold" sign on at least half of the 440,000 tons of German scrap lined up by the Commerce Dept. (BW-Aug.21'48,p107).

Three U. S. buyers have closed deals with the U. S.-British Joint Export-Import Agency, in Frankfurt:

(1) For 120,000 tons: A. Friederberg Co., New York City, acting for Carnegie-Illinois.

(2) For 50,000 tons: J. P. Lindholm (a Swedish national with a New York City office) for Richard Nathan Co., New York City.

(3) For 50,000 tons: Adolf Eagan of Great Lakes Carbon Corp. of Chicago, acting for Bethlehem.

Direct investments made abroad by U. S. companies in 1947 totaled \$666-million—a new record.

Latin America got the lion's share of the money—about \$410-million. Roughly 65% of this went into petroleum enterprises.

Direct investments in the Middle East-African area reached \$115-million. About 95% of this was for petroleum development.

The total overseas investment in petroleum was \$455-million; in manufacturing it was \$69-million.

There are no official estimates of the trend for 1948. But Washington experts expect to see last year's record investment rate maintained this year.

ECA's off-shore purchase system has taken hold in Europe.

From Apr. 3 through July 31, Marshall-Plan countries spent \$101-mil-

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**

**SEPTEMBER 4, 1948**

lion of ECA funds buying from each other. For example, western Germany used ECA dollars to buy \$49-million worth of goods from other Marshall-Plan nations; and received ECA dollars for goods worth \$21-million that it sold to those countries.

Now London is pushing for an extension of off-shore purchases to the sterling area. Thus, ECA would authorize France to use, say, \$10-million of ECA funds to buy Australian wool.

The idea, of course, is to get U. S. dollars for the sterling area's dollar pool. The British argue that Europe will need a prosperous sterling area when ECA ends in 1952.

## U. S. foreign traders complain that most ECA purchases don't go through private trade channels.

They have a good case, if France is any example of how the buying is done.

The French list of authorized importers under ECA reveals this: 90% of the buying is handled by government purchasing agencies.

## Western Europe's currency problems are bound to get an airing before long.

So far, ECA hasn't put pressure on European countries to work out new exchange rates with the International Monetary Fund. But this may have to be done if ECA's clearing plan for Europe (BW-Aug. 28'48, p86) is to mean anything.

France and Italy both have multiple exchange rates (differing rates for exports and imports). Both will have to set official, single rates for their money before any clearing system can work effectively.

A change in the value of the pound sterling isn't in the cards at the moment—despite continued rumors of devaluation. Britain is still able to export just about everything it can produce.

The Chinese currency reform strikes Washington as a step in the right direction.

Some U. S. financial experts think that the new gold yuan—plus help from ECA—could do a lot to check inflation in China. This might give the Chiang government another year's lease on life.

Washington doesn't base this opinion on the mechanics of the currency plan alone. (Total note issue is to be limited to 2-billion yuan—with a nominal value of 25¢ each. Reserve backing will be 40% in gold, silver, and hard currencies; 60% in securities and assets of state-owned enterprises.)

Success in checking inflation hinges on related measures, designed to bring a balanced budget. These include: (1) tax reform; (2) government economies; (3) cuts in military expenditures, which have been eating up more than 75% of the total budget.

Discount reports that New Zealand's shift to parity with the British pound will be followed by a similar move in Australia.

The odds are still against a boost in the value of the Australian pound. (The present rate is \$3.23 against \$4.03 for sterling.)

Such a move would cut Australian exports to the U. S. and tend to increase imports from the U. S. The dollar-short Australians don't want either of these things to happen.

Neither of them worried New Zealanders: U. S. trade isn't important to New Zealand's economy.

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BUSINES



# BUSINESS ABROAD



TROUBLE-SHOOTER Foster

PLANNER Hoover

TRADE PUSHER McKittrick

LABOR EXPERT Shishkin

## Harriman's Men: Architects of Recovery

A look at the team which has the high responsibility, the back-breaking work of making the ECA a success in Europe.

PARIS—In the stately U. S. embassy on the Place de la Concorde this week, a team of U. S. experts is trying to plot the course of history. These business executives, bankers, economists, and labor authorities are putting together the pieces of a new European economy. The men are the members of the Paris staff of the Economic Cooperation Administration, and are under the direction of Ambassador W. Averill Harriman.

The responsibility which this team has is terrifying; the work, back-breaking. The goal is peace and unity for the Old World.

• **Few Headlines**—Harriman's men won't make many headlines. Both Harriman and ECA boss Paul Hoffman are agreed that the job belongs primarily to the 17-nation Organization for European Economic Cooperation. They see European recovery as a European problem. Dollars supplied by the Marshall Plan add up only to roughly 5% of Europe's resources.

But someone has to arbitrate the traditional hostilities and prejudices of the Marshall-Plan nations. Someone has to make workable plans out of nationalistic proposals—at the risk of losing many friends. And some one has to convince an all-powerful U. S. Congress 3,000 miles away that all this is worthwhile. This mammoth task falls to ECA's Paris staff.

• **Who They Are**—Who are these men? What are their qualifications for such a mission?

All could be making a comfortable living in private business at home—work-

ing from nine to five and golfing on Sundays. But all have previously cast their lot with public life at some time and in some form or other.

Harriman—investment banker, wartime ambassador to Moscow, former Secretary of Commerce—is captain and chief diplomat of the team. His job, as one ECA staffer put it, “calls for more tact than any one man possibly could possess” (BW—Jun. 26 '48, p122).

• **Chief Trouble-Shooter**—William C. Foster, colleague of Harriman's Commerce days, is at Harriman's right hand. As ECA-Paris' chief trouble-shooter, he's more concerned with action than elaborate programming. He feels that OEEC must put more faith—less plans—into Marshall-Plan machinery.

Foster left his post as president of Pressed & Welded Steel Products Co. in November, 1946, to become Under Secretary of Commerce. From there he joined ECA. During the war he had held a long list of War Dept. jobs.

Working Greece into the Marshall-Plan framework was one of Foster's first ECA jobs. A U. S. aid mission was already entrenched in Athens. Foster had to cut loose the military and political elements of the aid mission and fuse the rest into ECA.

• **The Watchdogs**—Next on Harriman's staff come the watchdogs. These men have to comb and sift the myriad plans drawn up by OEEC; they must sort out the good from the bad, keep the plans in line with sound economics and within the rules laid down by Washington.

ECA is the biggest business-political-diplomatic deal in U. S. peacetime history. More people with more plans are getting into the act every day. As OEEC has found out, it is too big a job for any one committee. There must be a board of appeal to settle deadlocks; an umpire, to see that all parties play the game according to the rules. That's what Harriman's watchdogs are for.

They have to have plenty of initiative—plans of their own—to compromise deadlocks, rub out waste and inefficiencies. They are always open to the charge that they are telling the Europeans how to run their own business—to say nothing of the Communists' charge of American economic imperialism.

• **Top Dog**—Chief watchdog is Dr. Calvin B. Hoover, head of the Dept. of Economics at Duke University. He is now charged with screening the yearly recovery programs of each nation, as well as the four-year master plans. Dr. Hoover has spent most of his life planning—just as he is doing now. Among other things he drew up the first U. S. plan for reviving German industry in 1945.

Here is a simplified sample of the problems Dr. Hoover faces now:

Suppose a given country plans to import 15% more oil than before the war. Dr. Hoover will want to know why. If the country were planning to build an oil-burning plant, with ECA help, at the same time it planned to export coal, Dr. Hoover would be hard to convince. He'd probably suggest building a coal-burning plant.

• **Other Jobs**—Dr. Hoover's job doesn't stop there. He must always keep an eye peeled for openings for U. S. capital investment. And he has to report

regularly to Paul Hoffman and Congress on the progress of European recovery. His first report, due Oct. 1, will be a tough one. Right now it's hard to separate what ECA aid has done from what was done before ECA was set up.

Dr. Hoover knows he is on a hot spot. He'll be held responsible to a large extent for the size of future appropriations for ECA.

• **New Projects**—When Marshall-Plan nations draw up plans for new industrial projects, they are shunted to George Perkins, formerly executive vice-president of Merck & Co. (Perkins is replacing Langbourne Williams who is about to return to private business).

Perkins, like Dr. Hoover, screens each plan to be sure that it will provide greater production for recovery, will fit in with other projects on the docket.

Perkins also has the job of seeing that the U.S. gets its promised cut of strategic raw materials from the Marshall-Plan nations. Perkins doesn't consider this to be a job of exacting a pound of flesh from Europe for U. S. aid. He points out that it's a two-way benefit: Western Europe boosts its output of dollar-earning exports; the U. S. builds its stockpiles of valuable materials.

• **Agriculture Watchdog**—Doing a similar job in the field of agriculture is Ben Thibodeaux—agriculture attache to the U. S. embassy in Paris and expert on world food problems.

Thibodeaux advises OEEC on such matters as seed strains, fertilizers, soil conservation, and farm mechanization. He will help draw up a master plan for balanced farm production in Europe.

• **Counterpart-Fund Watchdog**—The fourth watchdog—Arthur W. Marget—has more direct say-so than the others. He must O.K. the use of Marshall-Plan "counterpart funds"—the money that each country raises through the sale of ECA goods.

Marget was formerly economic adviser to the U. S. delegation in the Council of Foreign Ministers. So he has a lot of know-how to guide his decisions. But he has a ticklish job. Marshall-Plan nations promised to do their best to stabilize their currencies, balance their budgets, and stop inflation. Marget has to see that they do it, see how the use of the counterpart funds will help or hinder the process.

• **Questions**—Before he frees money from the counterpart funds, Marget asks two questions:

(1) Can the country's economy stand putting the money into circulation?

(2) Will the project on which the money is to be spent be a sound business risk, contribute to general recovery?

• **Credits and Subsidies**—Marget will probably turn thumbs down on two specific uses for the counterpart funds—credits to industry, and subsidies for

agriculture. Industrial credits, he believes, should be handled through normal credit channels. And he's against agricultural subsidies on principle. In any case, Marget points out, ECA's life expectancy is too short for subsidies; after four years the subsidized industries would probably collapse.

• **Intra-European Trade**—Two more of Harriman's men—Thomas H. McKittrick and Joseph McDaniel—are tangling with the knotty problem of intra-European trade.

McKittrick has to prod Marshall-Plan nations into trading among themselves. He has a good background for the job. From 1940 to 1946 he was president of the Bank of International Settlements at Basle, Switzerland. Before that he spent 15 years with Higginson & Co., London affiliate of America's Lee Higginson banking interests. Now he is on leave from Chase National Bank, New York.

Today Marshall-Plan stock rises and falls with the success of McKittrick's work. If OEEC members can't start doing business with one another soon, a lot of ECA aid will go for naught.

• **Problems**—Here's the sort of things McKittrick is up against:

(1) Unrealistic exchange rates. These have kept some prices up. For example: Up until this year France kept its franc pegged at 120 to the dollar. (On the free market it was selling for around 350 to the dollar.) This forced the price of French goods skyhigh on the world market.

(2) Production of luxuries. France has had a lot of trouble selling its wines and perfumes. Holland has a big surplus of artichokes. Some of this productive effort will have to be channeled into goods that Europe can buy.

(3) Production misfits. England, for example, is building up a big surplus of fine coal. But few European plants are equipped to burn fine coal. At the same

time a general fuel shortage is putting the brakes on Europe's steel production.

These and more general mishaps—such as local inflation and the poor quality of some goods—combined to put western Europe's trade out of whack.

ECA must now step in and prime the trade pump with dollars (BW—Aug. 28 '48, p. 86). OEEC has the plan all worked out. McKittrick will have the job of seeing that it works smoothly and seeing that the causes of the trade unbalance are removed.

• **East-West Trade**—Western Europe can never be self-sufficient tradewise. It can get a prosperous trade pattern only through increased East-West trade. Harriman's man Friday in this matter is Joseph M. McDaniel, another ex-Commerce man and professor of business administration at Northwestern University.

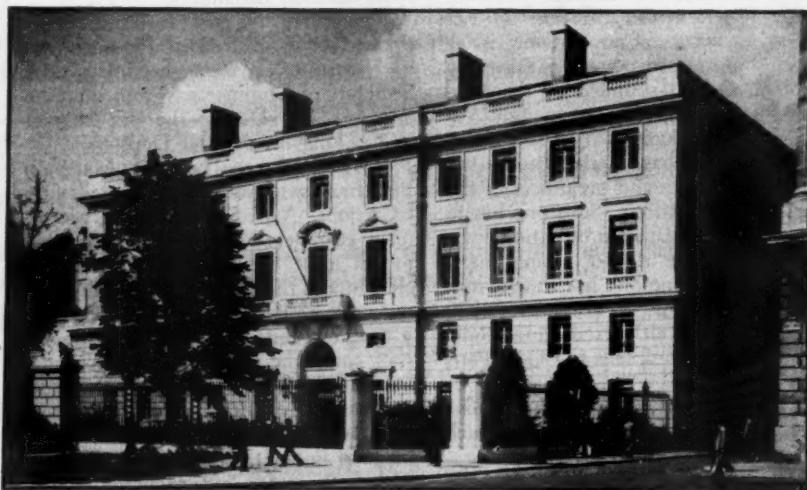
McDaniel doesn't expect much trouble in boosting trade with the Soviets and their satellites. He says that the law of supply and demand is working to that end already.

There are plenty of bottlenecks to break. He points to one—surplus Polish coal—which has already been broken. For the first few months of ECA, Marshall-Plan nations held off buying Polish coal because they could get coal from the U. S. with ECA dollars. McDaniel says no Polish fuel is going begging now.

• **War Materials**—Most of McDaniel's time is taken up with seeing that strategic war materials don't get into the Soviet bloc. He's had to break up several East-West trade deals for this very reason.

There is no set formula for McDaniel to go by in handing down decisions in this matter. He is drawing up a provisional list of unacceptable goods, but for the most part he has to study each case separately. He'll have a lot of hair-line decisions to make.

Sometimes a small shipment of stra-



HEADQUARTERS of Ambassador Harriman's staff is the U. S. embassy in Paris

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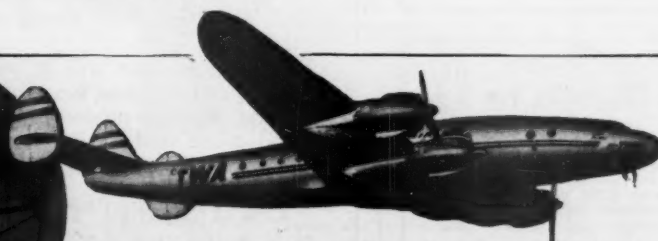
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tegic material may seem innocent enough, but unacceptable when added to the total amount being shipped east by all Marshall-Plan nations. On the other hand, it might be worth letting

a shipment of rubber go through if a shipment of manganese is exchanged.

• **The Labor Job**—Without the support and faith of the working class, European recovery hasn't got a chance. This is

## BRAZIL LETTER

Next week a joint Brazil-U. S. technical mission will meet in Rio de Janeiro to study ways of developing Brazil's economic resources (BW—Jul. 17 '48, p. 107). John Abbink, chairman of McGraw-Hill International Corp., will head the U. S. group. Business Week's Rio correspondent summed up the situation for him last week. He wrote:

**R**IO DE JANEIRO—You have a tough assignment. You'll probably find that Brazil would like to borrow \$1-billion from the U. S. When you try to find out for yourself what is really needed in the way of dollars, you'll discover that the available statistics on the country's economy are out of date.

You'll find that the Brazilian government would like private U. S. capital, too, but only on Brazil's terms. And you'll have to ward off some Americans, as well as Brazilians, who will think of you as the goose that will lay a golden egg for their private schemes.

**T**WO FIELDS which the Brazilians want you to explore are food and petroleum. Right now Brazil spends millions of dollars a year importing these items.

Brazil has been pretty slow about taking advantage of its agricultural possibilities. Nelson Rockefeller's International Basic Economy Corp. has made a bid to improve farm and animal production. But there is a lot more room for American agricultural skill, and Brazil would welcome it.

Your commission will be asked to do something about the sad state of Brazil's coffee production, too. Good coffee land is slowly being exhausted. Disease is wrecking many trees.

Look at petroleum. The government, as the result of studies made mostly by Americans, is convinced that Brazil has a lot of oil. But no Brazilian government organization or local private concern is equipped to exploit the potential fields. U. S. oil companies are both able and willing. Yet a bill pending before the Brazilian Congress would pro-

hibit foreign companies from refining and distributing oil in Brazil. So now U. S. companies say they aren't much interested.

**T**HERE IS A LOT MORE for your group to study. For example, Brazil has only 20,000 miles of railroads, though the country is bigger than the U. S. There are less than 200,000 miles of roads, mostly bad. Many of the ports are run down, rivers need dredging, canals could be built.

Those are just some of the problems. Almost every one of them offers an opportunity for American capital if your mission can persuade the Brazilian government to put U. S. investors on an equal footing with local interests.

**Y**OU'LL FIND BUSINESS a bit shaky. Inflation is worse than in the U. S., but not so bad as in some Latin-American countries.

One fairly big Rio bank has just folded. The construction boom in the big cities has slowed. Prices will probably go higher, as Brazil has just hoisted some tariffs. The dollar shortage has eased a bit since last May's restrictions on imports from the U. S.

You'll be treated courteously in business and official circles. But if you understand the Portuguese of the little people you are likely to hear the local Communist line: "The Americans are trying to take over Brazil."

You'll read it in anti-American newspapers like O Mundo. This paper recently announced in an eight-column headline: "Extinction of National Commerce Has Been Decreed." The story claimed that Sears, Roebuck, now building stores in Rio and Sao Paulo, will take all the business from Brazilian companies, ship huge profits to the U. S., enforce economic serfdom on Brazilians.

O Mundo is not an important paper. But its circulation has been on the rise ever since the Communist Party and its official organs were blamed here.

where Boris Shishkin, Harriman's labor expert, comes in. It's his job to sell the Marshall Plan to Europe's unions, to suggest ways of boosting worker output, and to see that the workers are distributed where they are most needed.

Russian born, Shishkin came to the U. S. at 17. Joining the International Brotherhood of Teamsters (A.F.L.) as a truck driver, he rose to become one of the A.F.L.'s top economists. He has served on several government commissions, was recently elected president of the National Bureau of Economic Research.

• **Shortage and Surplus**—Worker shortages and surpluses are Shishkin's biggest headache. For instance, France needs at least 100,000 workers to fulfill its recovery goals. Italy has a backlog of unemployed estimated to be about 3-million. Transplanting these workers is an awesome task.

Shishkin thinks that even after the workers are redistributed, Europe will have a big surplus of unemployed. He sees emigration to European colonies as the only answer in the long run.

• **Worker Output Low**—Shishkin won't have any less of a job trying to devise means of boosting European workers' output. It's still below prewar, way below U. S. standards. He may import U. S. skilled workmen to help him.

Shishkin has made great strides toward lining up Europe's non-Communist labor forces behind the Marshall Plan. He has helped form a permanent labor advisory committee to OEEC which will be headed up by Leon Jouhaux—France's grand old man of labor.

• **Awkwardness**—These are Harriman's key men. Each has a staff of experts working with him to absorb as many of the headaches as possible.

Like all new bureaus in this bureaucratic age, ECA-Paris is still stumbling along like an overgrown adolescent. As one New York businessman said on a recent visit to Paris: "I hate to say it, but Harriman's office reminded me of Washington in the days of NRA."

Further, ECA is open to the charge of running a glorified planning agency both in Paris and Washington. Despite the American aversion to national economic planning, the U. S. seems to be pushing western Europe toward bigger and bigger plans. Even Britain's Labor government had to be prodded before it agreed to give ECA a plan for the full four years of the recovery program.

• **Case of Necessity**—But Harriman's staff in Paris, like Hoffman's in Washington, figures that over-all planning is unavoidable in the tremendous job of putting Europe's economy together again. If the central planning is done right, they argue, there's a good chance that planning and controls at the national level can soon be cut down.



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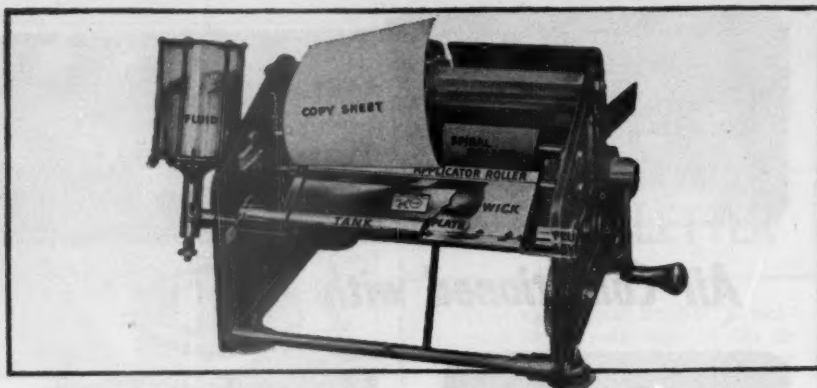
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## ECA'S LEDGER

### Reports From Washington

Administrator Paul Hoffman reported last week on ECA operations from Apr. 3 to Aug. 10:

For food, authorizations totaled \$552-million, with \$314-million (57%) being spent in the U. S.

For industrial equipment and raw materials, authorizations were \$345-million, with \$176-million (51%) being spent in the U. S.

The French have received the largest share of authorizations to date—more than \$316-million. Britain, which will be the leader before the year is out, is now second with over \$306-million. Next come Italy, with \$131-million, and Bizonia, with \$124-million.

Other developments:

• **Procurement Authorizations**—For the week ended Aug. 28, total authorizations were \$57,477,236. As in the week before, the accent was on industrial recovery. Purchases approved included rolling-mill machinery, machine tools, 5,800 mine cars, 1,000 freight cars, three steam freighters, motor vehicle and aircraft spare parts, generators and motors, construction and mining equipment, electrical apparatus.

Some 45% of the week's authorizations covered offshore purchases—in Latin America, Canada, the Philippines, and Europe. The rest represents purchases in the U. S.

• **Regulations**—Machine tool manufacturers and others whose orders to eastern Europe have been held up for want of an export license (BW—Jun. 5 '48, p. 22) may get bailed out by ECA. Section 204 of the Foreign Aid Appropriations Act has been interpreted to allow ECA to "provide for procurement" of such stranded orders "at not less than contract price." Suppliers who have been denied licenses should send copies of contracts and specifications to Industry Division, ECA, 800 Connecticut Ave., NW, Washington 25, D. C. (ECA can only arrange for a transfer of the order to a Marshall-Plan nation. It cannot buy the goods to hold or scrap.)

• **New Member?**—In a few months the handling of U. S. aid to Korea will be transferred from the War Department to ECA. Now that South Korea at least has a responsible government, the army is getting ready to move out. ECA will inherit that part of the Korean aid appropriations not already spent.

### Reports From Abroad

While ECA purchases in Latin America have been picking up in the past few weeks, Latin American nations are still sorely disappointed at their



share in the European Recovery Program.

Last winter the State Dept. estimated that at least \$1-billion would be spent in Latin America during the first 12 months of ECA operations. But as of July 30 only \$47.2-million had been authorized for offshore purchases in Latin America. During this same period Latin America imported over \$1-billion worth of U.S. goods through normal trade channels.

Other developments:

• **Netherlands**—Dutch businessmen are annoyed at the recent boost in freight rates for the shipment of coal and grain in U. S. ships under the Marshall Plan. (Under the law, 50% of Marshall Plan purchases in the U. S. must be shipped under the American flag.)

This is what one had to say about it: "Coal freight from Hampton Roads (Va.) to Rotterdam will be raised from \$8.15 to \$10.15 per ton for American vessels. As freight charges represent about 11.4% of the costs of the Marshall Plan, this increase is most unwelcome. It in fact reduces the volume of goods to be shipped. The measure is contrary to the spirit of the Marshall Plan. . . . Should Marshall countries have to pay the subsidy to American shipping companies?"

## Tariff Cut Sticks In Chestnut Case

The first plea for relief under the "escape clause" of the Geneva trade agreements was turned down last week by the U. S. Tariff Commission.

• **Chestnuts**—The application was put in several months ago by G. B. Raffetto, Inc., of New York City (BW—May 15 '48, p21). Raffetto is the biggest domestic producer of prepared marrons—chestnuts that have been candied or fancied up. The company asked that President Truman invoke the escape clause to withdraw or modify a U. S. tariff cut on marrons that went into effect last January. The import duty had been reduced from 12½¢ a lb. to 8¢. According to Raffetto, this had boosted imports enough to cause a "serious threat" to U. S. producers.

• **No Grounds**—After more than three months of study, the Tariff Commission came up with its decision: "The possibility of injury to domestic producers is not such as to warrant . . . a formal investigation . . . at this time." The commission said, however, that its action didn't bar Raffetto from making the same complaint again if it could come up with more convincing evidence.

Veteran tariff attorney, Robert Watson, who carried the ball for Raffetto in Washington, thinks the company may make another try later on.

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# THE TREND

## Is There Equality in Parity?

When World War II started, many farmers remembered the price collapse that followed their World War I bonanza. They swore that it would not happen again. So, in 1942, Congress gave them a guarantee against another postwar collapse. It provided that the government would support prices of principal farm products at 90% of parity until two years after the end of hostilities in World War II. That's how "parity" was born.

"Parity," according to law, is the scale that balances the prices the farmer must pay for what he buys with prices he gets for his crops. The base period used to set up the formula for most products has been 1910-1914—that was considered as a time when farmers got a fair share of the nation's goods and services.

"Parity," according to the dictionary, means equality. For a long time after the parity price mechanism was set up for farm products, there was a general feeling that it was providing equality. The factory worker got more wages; the merchant got more for his wares; the farmer got more for his crops. The idea seemed to work. Few people complained.

When the law was passed, a two-year period after the war was considered sufficient for adjustment of production to the reduced demand expected in postwar years. The 90% price supports would have expired Dec. 31, 1948, under the wartime legislation.

### Program Revised

But before Congress ended its regular session this summer, it extended the parity program. The wartime supports were continued one more year. Here was the argument of those who backed this action: World food shortages have prevented the reductions in acreage that would otherwise have taken place during 1947 and 1948. Another year will change that picture. Then it will be time to do something about parity.

The argument was only partially successful, because Congress decided not to wait another year before doing something about lowering support prices. It tacked onto the extension law a provision setting up a new formula for 1950 and thereafter. This long-range method will gear prices to supply. When supplies are large, support prices will be low; when supplies are small, support prices will be high. Prices will no longer have to be held at 90% of parity. They can range from 60% to 90% for most basic commodities; they're optional for nonbasic crops.

As big 1948 crops developed, it began to look as though the government props would have a great influence on the prices of such basic farm products as wheat, corn, and cotton.

Talk began to be heard that the farm bloc in Congress was dissatisfied. Farm state representatives hinted that

they would fight in the next session to revise upwards the support prices in the long-range part of the law.

Such talk faded, though, as a strong countertrend set in. This was a display of indignation by the general consuming public about the high cost of living—and, specifically the high cost of food. The criticism got pointed, too, in the direction of price supports for farm products. Evidently the city voters and their representatives were really stirred up. There were growls and rumblings which heralded a possible move to reduce price support levels next year, instead of waiting until 1950.

### A Three-Step Suggestion

What should the government do?

In our opinion, a series of three steps needs to be taken:

(1) The wartime supports should be abandoned. They were intended solely as an encouragement for high food output during the war and as a device to ease the farmer back into the peacetime market. A two-year period was long enough to allow for that process.

(2) The "modernized" support law, now scheduled to become effective Jan. 1, 1950, should become operative as early in 1949 as possible. This program, fathered by Sen. Aiken, means that support prices will roughly follow the normal laws of supply and demand. As we understand it, it is supposed to prevent the farmer from taking a severe loss if the price of his crop sinks suddenly. And, at the same time, it is supposed to prevent the government from buying up big surpluses year after year simply to keep prices up.

The adjustment can be made without disaster early in 1949. Farmers are already on notice that bumper crops will not be encouraged any longer if these are going to lead to surpluses. So farmers have been asked to cut next year's wheat acreage by 8%. Lower corn and cotton output probably will be called for, too.

(3) Congress should restudy the whole program of the farmer and his place in the national economy. The study may not necessarily lead to a new solution. It may turn out that the Aiken price-support plan will work and will cause the least trouble to all concerned. But we are not convinced that artificial prices should be maintained if a way can be found to operate a free market with equality—or parity, if you please—to the buyer and seller. That is why we think neither the old price support device nor the new one should be accepted blindly and continued forever.

The farm element is an important part of the nation. Businessmen know that a sick farm economy is no good for the rest of the country. For that reason, the farm problem is entitled to serious thought. A complete exploration by the next Congress would be a good deed for the farmer, for the businessman, for everyone.

